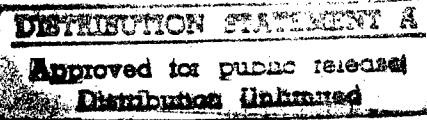


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## Near East/South Asia Report

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21 March 1984

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INTERNATIONAL AFFAIRS

ARAB MONETARY CONFERENCE REPORTS CONCLUSIONS

Amman AL-DUSTUR in Arabic 17 Jan 84 p 4

[Article: "The Conference Dealing With the Horizons of Monetary Developments Concludes Its Meetings in Amman"]

[Text] Support for the establishment of a pan-Arab banking organization through initiatives on the part of the private sector in the Arab world. Reaffirmation of the inability of the Arab financial markets to provide sufficient outlets for the investment of capital surpluses. Unanimous agreement about the fact that monetary coordination is the only way to achieve integrated Arab development. The achievement of organic interlocking of the Arab economies. The creation of credit for dealing with emergency increases in oil imports.

Yesterday in the assembly hall of the Central Bank of Jordan in Amman the meetings of the conference dealing with the horizons of international monetary developments and pan-Arab monetary cooperation during the eighties concluded.

The conference yesterday, under the chairmanship of Dr Muhammad Sa'id al-Nabulusi, governor of the Central Bank of Jordan, discussed two studies, presented by Dr Usamah al-Ansari, director general of the Arab Securities Trading Corporation in Kuwait, and Mr Hikmat al-Nashashibi, the executive president of the al-Mal Group in London, which dealt with the development of the Arab financial markets in order to promote pan-Arab monetary and financial cooperation. His Highness Crown Prince Hasan inaugurated the conference last Saturday with a speech in which he referred to the dimensions of the Israeli threat to the Arab world, and in this speech to those participating in the conference he said, among other things: "Perhaps you are well aware of the fact that any pan-Arab cooperation or any economic decision or development program must take into account the Israeli threat which is directed against the Arab world. We feel the consequences of this threat every day in various realms and areas. In fact, this threat has already progressed from the planning phase to the phase of rapid implementation and the follow-up phase. Any talk about Arab cooperation and about our economic security must now be linked to our overall security."

The conference, in which high-level businessmen and men of finance from Jordan and the other Arab nations participated, concluded with the presentation of the following summary and conclusions:

#### Summary and Conclusions

1. The early eighties witnessed a number of steps taken in the direction of providing guidance for the path taken toward Arab economic cooperation, and they were the following:

a. In Amman during the latter part of 1980 the 11th Arab summit conference was held, and this conference approved the joint Arab economic action strategy and the pan-Arab economic action charter. The conference also stated that the eighties were going to be the first decade of joint Arab development.

b. At the same time, an Arab consensus was reached concerning an agreement to facilitate commercial exchange between the Arab nations and other nations in order to encourage the investment of Arab capital in those nations.

c. Also, the Arab Monetary Fund, in cooperation with the Center for Arab Unity Studies, organized a conference for specialists which was held in Abu Dhabi. This conference made a valuable contribution to the thought and writings of the Arab world through the profound studies presented and the discussions held which dealt with the issue of firmly establishing the basic monetary elements for Arab economic integration. Those at the conference considered that the phase of total monetary unity was not a goal which could be achieved in the foreseeable future. The conference also enumerated the various aspects of partial monetary cooperation in a manner which helped the Arab Monetary Fund to adopt a program characterized by gradual utilization of the means enumerated by its charter in pursuit of the achievement of its objectives relating to the aspects of partial monetary integration--including both the objectives to be achieved in the near future and those to be achieved in the distant future.

2. The first 3 years of the eighties witnessed a number of positive developments. However, these developments, by all criteria, fell short of the goals aspired to by the measures mentioned above. Furthermore, these 3 years witnessed a number of efforts undertaken and more studies engaged in by the Arab Monetary Fund, particularly within the framework of the Council of Central Bank Governors and Heads of Monetary Councils in the Arab Nations and its subcommittees. These efforts and studies had the aim of creating approaches and determining the means necessary to continue the implementation of the initial phases of the program planned by the Arab Monetary Fund. In this regard we also find that the framework encompassed by the agreement concerning the implementation steps was a limited one.

3. This is why an appeal was made to hold this conference, which was organized by the Arab Monetary Fund, the Central Bank of Jordan, and the Arab Intellectual Club [muntada al-fikr al-'arabi], and the conference was intended to be an opportunity to pause to reflect and review these steps. This conference has amounted to being a meeting between the Arab Monetary Fund, which is the regional organization concerned with monetary matters, and a body which represents an elite group of Arab intellectuals striving to crystallize the approach of the Arabs toward development problems and integration issues in order to firmly establish a new international order which would put international relations on a foundation of justice and equality. Furthermore, this conference has granted the opportunity to many prominent Arab intellectuals and specialists to make their contribution, by means of their studies and their discussion, regarding issues relating to some of the principal aspects of Arab monetary cooperation both in the present and in the future. This conference also had the fortune to be honored by the presence of His Highness Crown Prince Hasan ibn Talal, heir to the throne of the Hashemite Kingdom of Jordan, who sponsored and inaugurated the conference and shared with us his opinions and ideas which were of considerable significance as far as the course of the conference was concerned.

4. The organizers of this conference were of the opinion that what is occurring on the pan-Arab level and the steps that can be taken to promote Arab monetary integration are based on two fundamental elements, which are the following: The first element is the series of objectives which the Arab world should strive to achieve during this important phase of its history which could be considered the transformation stage as far as its economic capabilities are concerned. The second element consists of the objective circumstances which are expected to prevail in the Arab world as a result of international economic and monetary developments. Since the general issues of monetary integration had already been studied and discussed in the previous conference, this conference chose to concentrate on what is considered necessary for the requirements for being able to push ahead with the process in the eighties. In addition to dealing with the issues related to supporting the balances of payments of the Arab nations, the conference focused on the need felt by the societies of the Arab world to push ahead with the development of trade between the Arab nations, on discussing the bases for the development and interlinkage of the Arab financial markets in order to achieve the capacity to mobilize savings and in order to satisfy the requirements for getting Arab capital to be invested inside the Arab world, and on discussing the bases for the development of monetary coordination in the realms of Arab monetary policies and exchange rate policies.

5. It should be pointed out initially that certain general principles emerged during the discussions concerning these issues, and they were the following:

a. Monetary coordination is not an objective in itself. It is a means of achieving an objective, and the consensus was that the actual objective is the achievement of integrated Arab development.

b. Movement toward this coordination should be gradual and realistic. Leaping toward the ultimate forms of monetary integration is something which should be avoided. Also, the steps taken in connection with this initiative should be accelerated in such a manner as to make it possible to organize the approaches followed so that they will be appropriate for the initiative and will make it possible to achieve the various aspects of economic integration in order to promote development efforts.

c. In principle there is nothing to prevent us from beginning to establish some of the formulas [for Arab monetary cooperation] on the regional level rather than directly moving to the pan-Arab level. This is true provided that it is scientifically demonstrated and proven in practice that this approach represents progress in the direction of pan-Arab cooperation and promotes the achievement of this goal.

d. In any case, everything remains dependent on the existence of the necessary political will and policy which is conscious of the dimensions of the steps proposed, is capable of meeting the requirements for carrying out these steps, and is reinforced by a high level of cultural and intellectual understanding and ability to grasp matters.

#### Economic Developments

6. In the context of a review of the economic and monetary developments likely to occur during the next few years, a number of factors worthy of consideration emerged, and they are the following:

a. There are indications that there is a resurgence in the economies of the advanced industrial nations. This is something which will help to increase their growth rates and will lessen the seriousness of the problem of unemployment as well as that of worldwide inflation. This will also entail a steady increase in the volume of worldwide demand.

b. Nevertheless, this does not mean that we will soon be rid of the harmful practices which emerged during the seventies and which are characterized by a type of discrimination which has disturbed the requirements for the growth of the economies of the Third World as a result of the protectionist policies followed by the industrialized nations with regard to export products from the nations of the Third World.

c. The oil-producing nations are not safe from negative effects. Although it is likely that a firm resurgence [in the economies of the world] will lead to a rapid increase in the demand for energy, the oil market is not expected to witness developments of the type that it witnessed during the seventies. During that decade, stronger measures were taken to control demand and there was an increase in the sources of supply outside OPEC, and this resulted in a decline in OPEC's role as a strong federation of large-scale oil-producing nations. Nevertheless, OPEC still is shouldering the burden of playing the role of supplementing a market which is less stable than it used to be and where nominal and real prices are still far below the economically feasible prices of alternative sources of energy.

d. Although this means a decline in the levels of accumulation of surpluses, the accumulations which have occurred in past years, because of the investment pattern followed with regard to them, have been ones which have involved more and more political and economic dangers. This is something which necessitates adopting a serious orientation toward modifying this pattern and providing opportunities for Arab investments in order that they contribute to a greater degree to integrated pan-Arab development.

e. The early eighties have witnessed huge jumps in nominal interest rates to levels never seen before by the world economy. These levels have helped to modify the real interest rates so that they have become positive after having been negative. In spite of the recent decline in nominal interest rates, real interest rates have remained high because they have exceeded current inflation rates. This is something which is significant with regard to the prospects for a continuation in the revival of the world economy and with regard to the debt burdens of the developing nations and their capability of generating the real savings which are necessary for pushing ahead with the process of development in these nations.

f. The combination of negative circumstances which coalesced during the seventies has led to an increase in the debt burdens of the developing nations and to the emergence of the phenomenon of large-scale debtor nations which have been able to attract a great deal of the financing which has been available in the commercial markets. Recently these debtor nations have followed the policy of demanding that the conditions governing repayment be modified as a condition for the repayment being carried out. This has had its effect on Arab capital invested abroad, whether invested directly--although this amounts to a small percentage of the total--or indirectly.

g. This latter dimension of the matter is something which is becoming more dangerous due to the continued--in fact, increasing--hegemony which the Western industrial nations enjoy over the capital markets, their domination of the commercial exchange markets, and their insistent efforts--judging by the actions they have undertaken--to dump the burdens suffered by the Third World onto the shoulders of the oil-producing nations which have already given up to them a portion of their petroleum wealth.

h. What this means is that the abnormal world economic order which exists today has promoted an enormous redistribution of the wealth of the developing nations to the industrialized nations. This is something which has adversely affected all the developing nations, whether they are oil-producing nations or not. Instead of the international monetary institutions attempting to correct this situation, they have directed their efforts toward imposing more restrictions on the developing nations which have fallen victim to ever-increasing imbalances in their balances of payments. Instead of increased efforts being made to transfer resources to nations which are in need of them, there has been a decline in the rates of assistance provided by the advanced nations and the field has been left open for the types of assistance which increase the burdens of the

oil-producing nations--and the oil-producing nations are not expected to remain able to continue to maintain these levels of assistance, whether within or outside the Arab world.

#### Internal Patterns

7. In addition to these international factors, during the seventies there emerged certain internal patterns which have had considerable effect on the economic and monetary situations of the Arab nations. They are the following:

- a. Various types of wasteful expenditure patterns which have been an obstacle to development have been prevalent. In addition to the luxury-oriented consumer patterns which have particularly emerged in the oil-producing nations, all of the nations of the area have been engaging in an arms race and spending a great deal on weapons. The worst thing about this latter matter is that the weapons purchased have not been for use against the real enemy of the Arab world, but rather have often been utilized by Arabs against other Arabs.
- b. Although the investment per capita in the oil-producing nations is one-third higher than its counterpart in the nations of the industrialized Western world, most of these investments have been channeled into the building of the infrastructure of these societies and into various economic activities relating to oil. This has been particularly true since the main financier of these investments has been the public sector--that is, the sector which receives the oil revenues. Although this is something which facilitates the matter of building the superstructure of these societies in the future, it also means at the same time, and by virtue of the economic systems and practices followed, that it will be necessary to quickly get the private sector to make a greater contribution and it will thus be necessary to provide the incentives necessary for this.
- c. The non-oil-producing Arab nations, on the other hand, are still suffering from the fact that they have a weak infrastructure. This makes it necessary for them to achieve rapid growth and this places huge burdens on them. It also puts them in a weaker position in comparison with their fellow-Arab nations which do produce oil because they are less able to attract the investment resources which it is important for them to have.
- d. In this regard one should point out the opinion held to the effect that it is necessary to transform the basis for the efforts made in the direction of achieving pan-Arab monetary cooperation from being the principle of having the wealthier nations provide aid to their poorer fellow-Arab nations into being a wise economic principle based on the idea of relations between equals which would lead to the achievement of an organic interrelationship between the economies of the Arab nations and to these economies serving each other's interests.

e. If integrated Arab development is the fundamental objective, then achieving it requires, among other things, a number of preconditions, and they are the following:

a. The economies of the Arab nations must be restructured and the one-dimensional nature which characterizes most of these economies, both in the oil-producing and non-oil-producing nations, must be left behind.

b. It is necessary to diversify the exports of the Arab nations since 95 percent of these exports still constitute raw materials. There is only limited scope for increasing exports of these raw materials within the framework of the currently prevailing one-dimensional economies.

c. It is consequently important to create a market for the newly-emerging products which will be very extensive and will help to decrease the vulnerability of the Arab nations vis-a-vis the industrialized nations and decrease their dependence on them.

f. Although we realize that achieving these preconditions is something which will require considerable, diversified, and intensive efforts, we must also not minimize the importance of their monetary and financial aspects. Security in terms of currency, like economic security, is an inseparable part of overall general security. Furthermore, the achievement of progress in an economy's material realm is something which helps to satisfy the requirements of the more advanced phases of the phases of monetary integration.

#### Movement of Production Elements

8. The conference also discussed the approach which has prevailed in the efforts to achieve integration which have characterized Arab thought and attempts to achieve closer ties [between the Arab nations] during the last three decades. It was the consensus that the prevailing principle had been that of freedom of movement. Although structural obstacles, administrative complications, and limited financial instruments have resulted in a small degree of achievement in the field of trade and movement of goods, these difficulties nevertheless did not prevent the achievement of some progress in the area of movement of the elements of production. This has been particularly true in the realm of labor, although there have been certain difficulties in the movement of the labor force.

9. If one looks at how this has affected the components of the balances of payments, one clearly sees that the balances of trade have not received any support worth mentioning. In fact, they have been left to fall victim to deficits which have partly arisen as a result of that which is made necessary by the process of development. However, a big part of these deficits is attributable to the wasteful patterns of expenditures mentioned above. Although the remittances by workers abroad have contributed toward alleviating the deficits of the current balances of the nations exporting the labor--nations which generally suffer from deficits in their balances of payments--the oscillations in these revenues and the likelihood that

they will decrease are factors which have become a cause for concern. In addition to this, since the circumstances necessary for movement of Arab capital for the purposes of direct investment have not been completely created, there has been an increasing need to deal with the deficits in current balances by means of taking out both long-term and short-term loans.

10. The result of this has been that some people feel that it is necessary to change the concept of the deficit which the Arab Monetary Fund is endeavoring to finance. Some people consider short-term capital financing to be financing which is not automatic and therefore they recommend putting this type of financing in the category of being below the line. Others feel that long-term borrowing should be treated in the same way, and that only direct investment financing should be left in the category of being above the line. However, no matter what definition is utilized, the Arab Monetary Fund, in its loan policy, follows the concept of the remaining deficit--that is, the group of items entered below the line (that is, for financing the deficit, the specification of which is agreed upon)--the non-financing of which would lead to harming the status of the reserves of the nation concerned.

#### Proposals

11. On the basis of the premises above, proposals have been made concerning development of the activity of the Arab Monetary Fund in the realm of supporting the balances of payments of the member nations whose deficits are expected to increase. It has also been noticed that there is a tendency toward an increase in [the number of] nations qualifying for loans in view of the decline in their surpluses or the decline in their balance. These proposals--in addition to the appeal made to modify the concept of the deficit in an effort to expand the scope of the loans provided by the Arab Monetary Fund--include the following:

- a. The establishment of oil credit in order to deal with emergency increases in oil imports.
- b. Extension of the periods of loans provided by the Arab Monetary Fund (for example, from 7 years to 10 years) in view of the rather long periods of time which will be required for the process of structural rectification.
- c. Giving preferential treatment to those Arab nations that increase the percentage of their imports from other Arab nations without this necessarily resulting in a regional trade deficit. The purpose of this is to expand commercial trade between the Arab nations.
- d. The establishment of compensatory credit in order for the nations which receive remittances from their workers abroad to be able to avoid the consequences of the oscillations which occur in connection with these remittances.
- e. Making it a condition that nations wishing to borrow money resort to borrowing it from other sources of financing rather than continuing to utilize the Arab Monetary Fund as a last resort.

12. The discussions indicated that the Arab Monetary Fund should be regarded as a specialized member of a system of financing which is vast and has numerous and different objectives. Also, it is important to differentiate between short-term and long-term factors concerning disturbances in [a nation's] balance of payments. The latter actually represent a limitation of [a nation's] own production capacity to meet current and investment requirements. In other words, this problem should be dealt with within the framework of a development plan financed by specialized sources capable of evaluating the development plans and the feasibility of their projects. If some of the outside factors are transformed into constant trends, then financing them will require a change in the approaches followed by the nations concerned. Unexpected increases in oil prices usually affect the volume of the regional balance of trade. They thus are included in the financing of this deficit by means of the credit created by the Arab Monetary Fund for the purpose of encouraging commercial trade between the Arab nations. But if they continue, then they will have to be dealt with by means of investments which exceed alternative sources and which achieve rationalization of consumption, as for example, of energy. Likewise, the trend toward a decrease in the remittances sent by workers abroad back to their own countries is a trend which is creating a structural situation, the rectification of which will require the creation of alternative exports. In fact, it will require investments for the purpose of providing employment for the returning labor force.

According to this concept, extending the deadlines is not something which is appropriate for the nature of the deficit which the Arab Monetary Fund is responsible for financing. In addition to this, the Arab Monetary Fund charter indicates that it also takes into consideration the degree of increase in a member nation's economic exchange with the other Arab nations and does not merely take into consideration its increase in imports. Finally, the condition that the borrower nations fully exhaust what they are automatically entitled to borrow--an approach which basically has the aim of exhausting the reserves which the IMF has--does not mean that it is a condition that a nation borrow from another source before resorting to the Arab Monetary Fund. The reason for this is that these reserves are part of the reserves which belong to the nation itself and they are, in any case, taken into consideration when examining the extent of the need of the member nation for loans in light of its reserves.

One thing which should be mentioned in connection with all of these proposals is that they are proposals which will lead to an expansion of loan activity and the size of the loans. This is something which cannot be done easily unless the necessary additional financial resources are available. It has been noticed that compelling the Arab Monetary Fund to operate within its own limits has recently led to restricting the scope of lending which is in effect so that all nations qualifying for loans receive equal treatment. However, it should not be forgotten that the question of dealing with the deficit is not merely restricted to providing financing which corresponds to the size of the deficit. In fact, it is basically a question of what is made necessary by efforts to correct the

deficit which involve burdens which the Arab Monetary Fund is asked to help finance for the purpose of alleviating the deficit and helping to solve the problems that it has led to.

#### Direct Financing

13. Concerning the matter of direct financing of Arab exports, the discussion centered around three principle dimensions involved in this matter. The first dimension was the geographical scope. One opinion was in favor of restricting the discussions of the conference to the matter of what Arab monetary cooperation requires in order to develop commercial exchange between the Arabs. Another opinion [favored discussing] the necessity of bolstering the efforts of the Arabs to export their goods both to other Arab nations and to nations outside the Arab world since this, in the end, is what it will be necessary to achieve. The second dimension concerned what direct financing should include. In spite of the soundness of the opinion that it is better to promote [the export of] non-traditional commodities, especially if one wants them to rise above their relatively humble status and occupy a prominent position in the list of Arab exports, it is nevertheless true that it is necessary to secure and expand the markets for agricultural and non-petroleum extracted raw materials. In fact, oil itself--and not only its derivatives--is in need of financing. This is particularly true if one desires to bolster the capability of the developing nations, especially the Arab nations, to obtain their requirements on appropriate terms and so that they do not get fleeced in a market which has changed from a sellers' market into a buyers' market. The third dimension concerned the machinery necessary to promote and engage in these activities. In spite of the realization of the necessity of avoiding being too hasty in the establishment of new pan-Arab agencies and bodies, it is anticipated that there will be more of the trends begun in some nations toward having a specialized body in a given nation engage in financing on a national level and be aided, when it comes to financing on a pan-Arab level, by an institution which will perhaps begin functioning within the framework of one of the existing pan-Arab institutions. In this connection, it was felt that support should be given to a proposal to establish a pan-Arab banking institution on the basis of initiatives undertaken by the private sector in the Arab world. Such an institution would have branches throughout the Arab world which would help to mobilize savings and develop bank relationships as well as channels for moving capital. They would also play their role of directly encouraging Arab exports in cooperation with the above-mentioned national bodies and agencies.

14. Any discussion concerning providing direct financing involves linking the expansion of such financing to the extent of the availability of appropriate insurance for it. This is something which has been demonstrated by the experience of the Latin American countries. In spite of the existence of the pan-Arab institution which would be able to extend its activities to include insuring export credit against non-commercial risks, there is also a feeling that getting involved in insurance against commercial risks--although this does not require large capital resources--nevertheless requires special expertise. This is why doubt arose concerning the

possibility of the existing bodies and agencies, both on the national and pan-Arab level, engaging in these tasks. It might be useful to have these functions performed by existing institutions, without this meaning that one gives up the idea of establishing special bodies later on when the necessary expertise has been assembled. This is linked to a tendency toward restricting these activities to those which benefit the Arab nations which hopefully will start importing more from their fellow Arab nations. It is not anticipated that extending these activities to non-Arab nations will result in the achievement of the moral victories and progress which some people are anxious to see take place. In this connection, one must not ignore the trend on the part of some debtor nations to impose terms and conditions in order to be able to continue to repay [their debts--terms and conditions resulting in] enormous negative consequences for newly-created bodies engaging in the insurance business.

15. The conference also reviewed what has taken place in recent years in the area of providing indirect financing for inter-Arab trade in order to assist the nations encountering a deficit in this trade and enable them to continue to liberalize and develop their commercial exchange with the other Arab nations as well as not to allow the deficit which they suffer from to impel them to take measures which tend to obstruct [inter-Arab trade]. In this connection, it has been noticed that the credit established by the Arab Monetary Fund in 1981--which has the purpose of encouraging inter-Arab commercial exchange by means of financing the regional deficit resulting from it--can be developed in order to increase its effectiveness. This can be done by means of increasing the maximum of this credit. It is also possible to develop the lending policy followed in the realm of loans for financing the overall deficit by means of giving preferential treatment to the nations in whose cases the regional deficit represents a large proportion of the overall deficit. The matter of proceeding in these directions remains subject to the availability of resources at the Arab Monetary Fund.

16. In addition to this, the conference discussed the alternatives proposed to the governors of the Arab central banks for the purpose of providing financing for the Arab balance of trade. These alternatives included the following:

- a. Issuances of a special Arab accounting dinar which would be utilized for this purpose, beginning with limited volumes which could then be increased in the future as the purposes of the dinar itself develop.
- b. Following the system of bilateral agreements which are being put into practice by some of the Arab nations. This approach, after being developed, could evolve into a multilateral agreement system.
- c. Systems of settling current payments, and the Arab Monetary Fund is offering a number of alternative varieties of such systems. The discussions indicated that each of these alternatives achieves the desired purpose--which is fundamentally based on the nations which are participating in any of these systems allowing mutual credit to be provided to and among each other in order to finance the deficit.

17. The studies submitted concerning the development of the financial markets stressed the extent of the inability of the Arab financial institutions to meet the foreign loan requirements of the Arab nations--both on the governmental and private levels. They also stressed the extent of the inability of the Arab financial markets to provide sufficient outlets and appropriate investment instruments for the investment of Arab capital surpluses.

The studies have resulted in the emergence of two basic ideas with regard to the possibilities for developing the capacities of the Arab institutions to meet the requirements of Arab investors and borrowers. The first idea involves concentrating on supporting and developing the role played by the Arab institutions and banks operating in the international arena. The assumption here is that this approach is based on what these institutions have achieved during past years. The second idea relates to the necessity of taking an interest in developing Arab financial institutions on the local level, supporting their capacity to play the role of the broker, and stressing the role which could be played by the Arab Monetary Fund and other national and regional monetary funds in this realm--whether it involves financial brokerage, surety, or borrowing from the Arab markets and the consequent increase in the supply of Arab securities, stimulation of their circulation, and facilitation of the transfer of capital. [This second idea also stresses] the importance of the role of the Arab central banks in the area of developing the Arab markets on the national level and developing financial legislation which would allow the imposition of a greater degree of control and monitoring--and this would limit the possibility of the occurrence of excesses and crises which would affect the confidence of those dealing in the market as well as the potential for growth and prosperity.

The discussions also stressed the importance of giving priority to the development of the local Arab markets and institutions--while, at the same time, not minimizing the role played by the Arab institutions in the international arena and striving to provide support for these institutions. The discussions also made reference to the possible consequence of various different circumstances which are expected to prevail during the eighties--especially as this relates to the decrease in the volume of oil surpluses and the importance of the growth of domestic savings in the Arab nations as a basis for the development of the Arab financial markets. Those participating in the discussions were also in agreement concerning the importance of developing the national financial markets as an initial and prior step for attempts to link these markets together and the importance of having the agreement to encourage Arab investment actually be put into practice.

18. It was also inevitable that this conference would discuss the issues related to monetary coordination, and these issues could be classified under two principal categories. The first category would be coordination of exchange rates, and the second category would be coordination of monetary and financial policies which, by their very nature, would affect the money supply. Although these two categories overlap, there is a difference in

the significance of each of these two categories as far as the extent of limiting national sovereignty is concerned, and this has led to priority being given to beginning first with coordination of exchange rates. In this connection, it has been noticed that most of the Arab nations follow the approach of linking their currencies to an international currency standard--which, in many cases, is the U.S. dollar--or else special drawing rights or a basket of the currencies which are the most important ones for the foreign trade of the nations concerned. However, most of these nations are in agreement concerning utilizing the dollar as a currency standard. Some of them do this within broad margins. Thus the oscillations in the exchange rates of the Arab currencies vis-a-vis each other result from the oscillations in the currency standards followed--if there are differences--and oscillations revolving around these currency standards within the margins observed. Achieving the desired coordination is something which will require an increase in--and the provision of security for--the flow of money and capital between the Arab nations and consequently the movement of commodities between them. This will necessitate agreement concerning the economic objectives which affect the exchange rates. Thus we see that the regional dimension may be the one which imposes itself in the short run since it has been noted that these objectives are closer in line with each other on the regional level than they are on the pan-Arab level. However, if the objectives of the regions are not brought closer in line with each other, then coordination on the pan-Arab level will remain impossible. Furthermore, the latter may require the achievement of a high degree of flexibility which would lead to the continuation of perhaps a considerable number of the oscillations which are currently prevalent. If coordination is something which would make it easier to accept a joint currency standard for the Arab currencies, then the conclusion agrees with the findings which emerged in the studies conducted by the Arab Monetary Fund. This conclusion is that the oscillations could be reduced both on the pan-Arab and the international level if the currency standard followed were in line with the foreign trade structure of the Arab nations. Perhaps the special drawing rights currently used as a basis by the Arab accounting dinar is something which approaches this concept. It is hoped that the consultations which the Arab Monetary Fund is conducting with the Arab nations and their experts will soon lead to the achievement of an effective agreement in this regard.

19. These were the most important trends which emerged during the discussions held in connection with the work of this conference. Everyone felt that it was important to hold this conference during this stage of the economic development of the Arab world. Those participating in the conference expressed their high regard for the approach followed by the Arab Monetary Fund in the 1980 conference when it provided everyone interested in monetary affairs and integration with the conference's works and endeavored to summarize the findings and proceedings of the conference. Everyone agreed that the parties responsible for organizing the conference should make sure that the work and the proceedings of the conference are recorded and published and should, at the same time, endeavor to summarize the principal factors which impair the activity of each and take this into consideration when formulating future steps.

#### NEW PARTIES INVIGORATE DOMESTIC POLITICAL LIFE

London AL-DUSTUR in Arabic No 322, 23 Jan 84 p 18-19

[Article by Jamal Isma'il: "Egypt 84: Three Exciting Events"]

[Text] In the first days of this month, Cairo lived amidst three domestic political events which were the talk of official, unofficial and party circles.

The first event occurred by virtue of the judiciary's action confirming the legality of the New Wafd Party's existence. The second was brought about by the New Wafd Party's existence. The second was brought about by the people's choice favoring the opposition parties' candidate, who is a member of the Grouping Party, over the ruling party's candidate in the People's Assembly by-elections. The third [event], which was first chronologically, occurred when the Parties Committee, which is totally comprised of ruling party and government members, turned down an application submitted by a young Nasirite leader to form a Nasirite party.

#### The First Event

It was first in importance and in the issues it raised that commanded considerable attention in the national and partisan press and caught the interest of the people in Egypt as well. After a 32 year absence from the political arena, the Wafd Party that dominated this arena for about 34 years was back.

The day the Supreme Administrative Court issued its decision rejecting the government's appeal and confirming the party's legality--the party added the word "new" to its name in conformance with the circumstances--Fu'ad Pasha Siraj-al-Din declared from his palace in Garden City that the time for talk was over and the time for action had begun. He thanked those who came to congratulate him, some of whom wanted to kiss the head or the hand of the pasha.

The action that had started, or is starting now, had to do with completing the formation of party committees and cadres throughout Egypt in preparation for the elections next April and introducing some amendments to the party's program in response, according to Fu'ad Siraj-al-Din, to changes that have taken place since the program was [first] drawn up during the short-lived first return 5 years ago.

Until the party introduces these amendments to its program, which will probably be announced with the publication of the first issue of its weekly magazine the first of March, the only thing we have to go on is talk, the pasha's talk.

Despite the fact that the political isolation decision issued against Fu'ad Siraj-al-Din and party secretary Ibrahim Faraj will be considered for repeal in the next few days, including, according to what Siraj-al-Din told me when I met with him in Cairo in June 1982, a clause forbidding him to give any press interviews on grounds they constitute political activity, the head of the New Wafd Party in recent days has given numerous press interviews and statements, the most recent of which was the one he gave right after the court's decision on the party's legality.

Fu'ad Siraj-al-Din has reaffirmed in more than one statement and one interview that he stands for political and economic freedom all the way and with no restrictions.

No one has the right to block the opinion or the orientation of any party. If there is talk about economic freedom "all the way with no restrictions," then such an opinion or orientation raises big questions when coming from the head of a party with a long history in a country like Egypt at a time when national unity is no longer represented by coexistence and accord between the country's two Muslim and Coptic elements alone, but rather when accord or social justice among the factions and forces of the same people, including national capitalism, is the key urgent issue.

Perhaps this is what prompted some moderates to warn that complete economic liberalism does not exist, even in the most capitalist-oriented countries, and that the preference in Egypt today is not between pre-July 1952 and post-July 1952 Egypt.

Regarding the relationship between the New Wafd and the various political forces, including the presidency, the ruling party and the opposition parties, Fu'ad Siraj-al-Din's statements make it clear that he supports President Husni Mubarak's Arab and foreign steps, but he does not wish to talk about Camp David. He also blames Prime Minister Fu'ad Muhyi-al-Din for issuing statements describing the New Wafd Party as the party of feudal lords and pashas. The pasha also objects to the 8 percent mandatory percentage for winning parliamentary seats in the upcoming elections and to proportional slates. At a time when all political forces and opposition parties welcomed the return of the Wafd Party, Fu'ad Siraj-al-Din says that he has not made any arrangements to form political or organizational alliances to face the upcoming elections. In the first test of such alliances, the Wafd announced its refusal to participate in the Committee for the Defense of Democracy formed by opposition parties and some independent national forces who next February will celebrate the international Human Rights Day in a popular gathering at 'Abdin Square in Cairo.

Moreover, Fu'ad Siraj-al-Din, who used to insist that the July revolution was a "movement," not a revolution, is going beyond these formalities in his current statements in which he admits that the "revolution" or the "movement" has effected significant changes in Egyptian society and is a true industrialization movement worthy of recognition. But, the pasha is quick to express reservations concerning certain changes and accomplishments in industrialization. There is no doubt that the party's program as well as the popular response to it, depends largely on the party's vision of the change Egypt has witnessed and the amount of its reservation in this regard, especially since we live in a time when the slogan "if the Wafd nominates a stone we will vote for it" belongs to the past.

### The Second Event

This event occurred in the Muhamarram Bey precinct in Alexandria when the ruling NDP candidate was defeated by Abu-al-'Izz al-Hariri, the Grouping Party member nominated by the opposition parties with the exception of the Wafd, which decided not to enter these elections and instructed one of its members, who had declared his candidacy on a non-partisan basis, to withdraw.

Without going into details, this event underscored a number of facts, including the one that when the government maintains neutrality in elections, voters give their vote freely and choose those candidates who are deemed worthy of their trust.

It also underscored the government's commitment to the president's statement, confirmed by officials including the interior minister, regarding the neutrality of the upcoming elections.

A sad fact uncovered by these elections was that most of the voters and political parties stood worlds apart, including the NDP which stood in a camp of its own. Ninety percent of the voters boycotted the elections despite the heated campaign. But it seems that the heat was only on the pages of the partisan press and got only to the 9.08 percent who voted.

This heat persisted, in the press, even after the results were announced. Opposition writers are presenting the government with a number of demands, the foremost of which, perhaps, is equal space in the official "national" media for the opposition parties' election campaign. It is an objective as well as an urgent demand.

### The Third Event

It began when some zealous young Nasirite leaders submitted an application to the Parties' Committee to form a Nasirite party. It ended with the committee's rejection of the application for reasons worth examining. It must be said here that the endeavor had some negative as well as positive aspects; we will begin with the latter.

There is a consensus, even among the Nasirites, that the endeavor was individual and ill-prepared. It occurred in the absence of experienced Nasirite leaders, or more correctly, in the silence of some of them, thus confirming that it was in fact an individual endeavor with which they had nothing to do.

The curious thing in this regard is that one of the applicants suddenly abandoned his enthusiasm and joined the ruling NDP, just like that.

In explaining the zeal of Kamal Ahmad al-Nasiri who submitted the application to form the Nasirite party, some Nasirite sources, quoting Kamal Ahmad, confirmed that he wanted or wished to go down in history as the first one officially to call for the demand the formation of a Nasirite party in Egypt.

He got what he wanted but the reasons the Parties Committee cited for turning him down surprised all those who had expected the rejection even before it happened. So, what did it say?

It said the party's program was based on the 30 March Charter and communique, that it adopted scientific socialism which means, in the committee's opinion, Marxism, and that it advocated people's ownership of the press and the reinstatement of the universal system.

It is not difficult to debate these reasons cited by the committee. In reply, one needs only to return to the July revolution documents and 'Abd-al-Nasir's speeches and debates in special conferences and seminars and to the fact that most of the Parties' Committee members, headed by its chairman, Dr Subhi 'Abd-al-Hakim, lived through and participated in 'Abd-al-Nasir's rule. The committee chairman was a member of the Socialist Vanguard Organization which was equivalent to a Nasirite party. Dr 'Abd-al-Hakim and the committee members know what the term scientific socialism means in the Nasirite experience. They also know that the "universal system" is an expression repeated by those trying to defame the experience in favor of other experiences judged by history not long ago.

They know as well that the 30 March communique is the only document former president al-Sadat left with the People's Assembly after pledging upon his election as president to follow it.

The Parties' Committee knows all this and there is no doubt that the party's founders' recourse to the courts will afford an opportunity to discuss the reasons cited by the committee when it turned down the request for forming a Nasirite party. Those who anticipated the rejection speculated on what could have been objective and justifying reasons had they come from the committee. It is logical for the committee, which includes prominent leaders of the ruling party that represents the July revolution, to say that a Nasirite party would be a carbon copy of an existing party. However, the reasons cited by the committee went against all expectations. This has many implications.

SLP CHIEF'S VIEWS ON DOMESTIC, REGIONAL ISSUES

London AL-DUSTUR in Arabic No 321, 16 Jan 84 pp 26-28

[Interview with Ibrahim Shukri, SLP leader, by Husayn Karim: "America Unprepared To Play Role of Mediator Between Israel and Arabs"; place and date not specified]

[Text] In circumstances such as Egypt's, and in facing problems of the magnitude Egypt is experiencing, solutions cannot come overnight. This is the Egyptian government's reply to the opposition parties who are pressing for expeditious solutions to the problems, concerns and needs of the Egyptian street. Although what [Socialist] Labor Party [SLP] chief Ibrahim Shukri said to AL-DUSTUR comes under the heading of charging the government with prejudice against the opposition's right to exercise the kind of democracy advocated by President Husni Mubarak, this disagreement does not mean a-irrevocable divorce between the government and the opposition, just as some did not look on it during the honeymoon as a catholic marriage. What then is the solution? The opposition proposes many solutions for domestic problems. Just as it finds faults in the domestic policy, it also finds faults in the foreign policy to the extent that it has asked the Egyptian government to reconsider its positions on Israel, the U.S., and Egypt's isolation on the Arab level. All these points were raised by Ibrahim Shukri on the eve of his return from the Tripoli blockade where he met with 'Arafat and his followers, at the head of a delegation composed of various political orientations in Egypt, to express the Egyptian people's support of the Palestinian cause in its ordeal in north Lebanon prior to its second departure from Lebanese territory.

[Question] A while ago, you headed a delegation representing various political currents in Egypt that penetrated the Tripoli blockade to meet with 'Arafat and his supporters. What repercussions have these events had on the Palestinian cause in the wake of the Palestinian revolution's second departure from Lebanon?

[Answer] We cannot minimize or ignore these difficult circumstances surrounding the PLO and Yasir 'Arafat's leadership in what you called "the Tripoli ordeal." Nevertheless, I am not one of those who believes that the Tripoli events could be the last word for the PLO and 'Arafat's

leadership. Rather, it can be perceived as a hardship facing the organization and 'Arafat that may have shaken the world's mental image of them, but will not bring their role to an end. It may perhaps make 'Arafat's future steps more defined, thus rendering PLO resolutions more effective and clear.

[Question] What prompted you to undertake this initiative?

[Answer] I felt that many of my colleagues and opposition leaders who appreciate the role of the PLO and 'Arafat believed that there were some intricate circumstances, or I can say actions, that wished to portray beleaguered 'Arafat as finished. Therefore, we felt that we should lend him the kind of support that could penetrate the blockade imposed upon him. Our material move to get to 'Arafat under very difficult and trying circumstances had great significance in that we meant to underscore the fact that the Palestinian cause cannot be blockaded, regardless of how many sides or forces come together to achieve this end. I believe that the delegation, which represented most of the opposition in Egypt as well as some historical independent personalities, represents in fact that may be called a true expression of the Egyptian people's feelings toward the PLO and 'Arafat.

[Question] The state of division of Arab world is living through puts it in the unknown and leaves behind daily negative traces that affect the whole Arab destiny. How do you view this unfortunate situation in view of events in the Arab arena?

[Answer] There is no doubt that the implications in your question represent an actual reality which is the absence of popular Arab will and purpose with regard to support for the Palestinian cause and its freedom of choice for its legitimate leadership. Efforts must be made to formulate an official Arab position to express this will which I believe is a fact and a reality among Arab people. Arab regimes must try to express this will and Arab presence in this problem. I believe that Egypt's absence, or more correctly Egypt's official role that can have an effect on the overall Arab position, constitutes a big gap that creates many negativisms in the Arab situation. Moreover, the absence of the Egyptian role robs the situation of the momentum generated when Arab forces come together to face any danger threatening the Arab nation, including those dangers threatening the Palestinian cause and people.

[Question] The Iraqi-Iranian war is commanding much attention on the Arab and international levels. Egypt is an Arab country that has a key role in supporting this war, a fact that will open the door for forming alliances that will reshuffle the cards at a pace that will complicate international calculations concerning this war.

[Answer] The Egyptian government's official position on the Iraq-Iran war is in response to the need to support an Arab country after a long period during which it became clear that the Iranian side was stubbornly resisting endeavors to end this war which, by any standards, is a great disaster for the Arab and Islamic nation.

I do not support the opinion that limits Egyptian support to ways and means of strengthening the Iraqi side politically and militarily. I believe that Egypt, which has a long, deep-rooted history, must go beyond that role to participate in bringing an end to this way by peaceful means.

[Question] The recent strategic agreement between Israel and America has changed the balance of power in the area. How does this alliance affect Egyptian-American relations first, Arab-American relations, second, and the Middle East, third?

[Answer] U.S. support of Israel throughout the past is known to all. The U.S. has always supported Israel in one way or another. The role the U.S. wanted to play in recent years to bring peace to the area required it to adopt a neutral position, if we may use this word, although I tend to regard it as a role that wished to portray to the Arab side and also the Egyptian side that America can be a friend to both sides, inasmuch as it is a role that will bring peace and stability to the area. Therefore, the announcement of this agreement in 1981 and its subsequent freezing for a few weeks or days later in the wake of the announcement to annex the Golan Heights bears out my view that the U.S. position was closer to a balance between the Arabs and Israel, thus making the last position seem in contrast to the image the U.S. was trying to emphasize with regard to its power to play the role of mediator between the Arabs and Israel. During my meeting with an American official, I asked him to explain to me this agreement. He said that it was different than the previous one in that it is regarded as politically defensive. When I asked him to clarify further, he mentioned some things very similar to past declarations on the strategic agreement between Israel and the U.S. He said, just as it is being said now, that President Reagan was still committed to the U.S. role and endeavors to bring peace to the area and to the Reagan initiative, and so forth, which I do not think can cover up the gravity of this new agreement, no matter what old or new names they wish to give it. It is quite clear that America has openly adopted a position partial to Israel which, in my opinion, renders it unprepared to undertake the role of mediator or friend of the Arab countries. Therefore, we must reconsider quite a number of matters, and we ask the Egyptian government to review certain situations in light of this agreement, starting with the CDA provisions, because this new situation makes Israel more inclined to violate these treaties and to act in ways inconsistent with the spirit of peace or with the building of bridges of trust between Israel and the Palestinians that this agreement was supposed to create, and that can culminate in the establishment of a Palestinian entity. Hence, we ask the Egyptian government to review the accords in light of recent developments regarding the announcement of a strategic agreement between Israel and the U.S. We must turn to new horizons and not limit our vision to the assumption that the U.S. is the one that can aid in attaining a solution to the Middle East problem. We must also turn to the UN in an attempt to explore all the forces that may help and participate in reaching a durable and just solution to the Middle East problem, in the forefront of which are the Palestinian and the Lebanese problems.

[Question] The evolution of the American role in Lebanon to a military confrontation has opened the door to the possibility of a confrontation between NATO and the Warsaw Pact. Where is the Lebanese issue headed in light of that?

[Answer] All these events taking place in Lebanon under the umbrella of foreign non-interference in Lebanon represent, in my view, a trend towards escalation and larger confrontations between the great powers on Lebanese soil or in the Middle East. This dictates that we not try to form pre-conceived ideas, or rather that no party having certain interests in Lebanon should try to draw up an advance plan to accomplish objectives set by certain sides rather than one aimed at finding a solution to the Lebanese issue. It is my opinion that if matters are to be settled, Israel must withdraw from Lebanon because the Israeli presence is the key factor behind the current escalation. Therefore, some Arab sides could participate in an Arab summit conference to find a solution concerning the withdrawal of all other forces. Consequently the Lebanese people must agree on a democratic formula compatible with Lebanon's true circumstances whereby no sect will be deprived of its rights, thus assuring the establishment of one united country.

[Question] How far has cooperation between the opposition and the Egyptian government gone?

[Answer] I can say that chances have diminished with regard to the National Party and the government of Dr Fu'ad Muhyi-al-Din, but not with regard to President Husni Mubarak and his understanding of the situation and his future vision of a true stability built on a broad base of popular sectors which express themselves and their wishes in free neutral elections based on sound democratic principles. This entails nautral participation by the people to ratify those policies that such clean elections can help plan.

[Question] How do you view the return of the [New] Wafd Party at the present time? Does this mean a consolidation of the opposition's role in a way that will achieve its goals and demands?

[Answer] We support any expression of partisan action that affects the people. In other words, we support any sincere expression that gives a true picture of democracy. There is no doubt that prior to the revolution, the Wafd Party was an old, deep-rooted party that enjoyed the support of the majority of the people. Thus, I can say that its reappearance is an important boost to party life and democratic practice. But I do not agree with the view that its return means the return of the Wafd in its old image, effectiveness or weight. I cannot at all disregard the long years in the life of the country during which many radical changes in the make-up of the Egyptian people took place, many events came into existence and many ideas changed. But the Wafd will maintain its luster inasmuch as it is a current emanating from the people and cannot have any connection with the will of the ruling party as of the beginning of the 23 July revolution up to the present time, a fact that makes it unique in this respect. The Wafd Party's weight in the upcoming elections will be in proportion to the initiative its leaders and members are willint to take among the people

to attain certain results. It is not enough to invoke its past reputation because I cannot ignore the fact that the Wafd used to be considered not only a popular force but also a force that had the right to rule. In other words, those who joined it knew that this party could have been in power after any elections held then, but I think it unlikely that this perception still exists in the minds of the people.

[Question] In a previous statement, you said "we are waiting for the government to take some kind of initiative to bolster democracy in Egypt." Is this truce with the government still in effect or are you getting ready to put your cards on the table of President Mubarak's regime?

[Answer] Let me be more specific than you when you said "the opposition's vehemence" and say the Egyptian opposition's "protest" against methods being followed to establish and practice democracy. You notice that the proclamation that democracy is an indisputable and irreplaceable option notwithstanding, we find that this slogan is not being applied in a manner that satisfies the opposition that what is occurring is a sound practice. Hence the opposition's firm belief arises that it must express its views in any way it can to protest such practices. A case in point is the government's determination to apply the absolute slate system to the Shura and local council elections, with total disregard for its shortcomings, and its resort to a new rule governing local committees which stipulates that elections need not be held at all in the presence of only one slate, whereas the rule hitherto in force in Egyptian law says that no candidate who runs unopposed may be elected, but rather elections must be held between opposing candidates or slates who must win 20 percent of the registered vote. This was intended to guarantee people's confidence in their elected representatives. They also set a condition that a party must win 8 percent of the total vote nationwide in order to gain recognition for its slates. We feel this is unnecessary because no party is expected to have this level of presence everywhere in the country. A party may have this level in some governorates, but parties with limited means of reaching the voters and the people cannot attain this rate. Only the ruling party, which was an Arab Socialist Union organization known as the government's party, has the means for reaching every corner of the country. Therefore, the government's omnipresence generates the same image for its party. But I cannot imagine any party essentially having a presence among the tribes on the Libyan borders or in the Eastern Desert or the Red Sea, or in Aswan or some remote areas of the New Valley [Governorate]. This is not natural, particularly since existing parties have not been given a fair chance to establish their presence elsewhere. Therefore, the 8 percent rule was actually intended to be an obstacle in the way of some parties, and this renders the law deficient. A rate may be set on the governorate level, which is a natural procedure observed in some countries like West Germany. That is why we demand a review of these laws in order to afford an opportunity for laying down new principles for democratic practice.

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TUNISIA

ECONOMIC, SOCIAL, POLITICAL BACKGROUND TO PROBLEMS IN COUNTRY DISCUSSED

Paris LE MONDE in French 31 Jan, 1, 2 Feb 84

[Article by Paul Balta: "The Tunisia of Frustrations"]

[31 Jan 84 pp 1, 5]

[Text] I. The Couscous Revolt

Douz--Less than 600 kilometers separate Tunis and Douz, but one goes from one world to another when proceeding from the capital to this oasis that tourists probably know better than many Tunisian leaders who have never set foot here! Why and how, people wonder, did the riots that shook the entire country from north to south -- an unprecedented happening since independence in 1956 (the 26 January 1978 riots were confined to Tunis) -- start in Douz?

The initial answers can be found locally, in this palm grove that the city dweller coming by paved road thinks is a cul-de-sac, but which has always been open to the Sahara for the M'Razig, Tripolitanian shepherds who settled it in the 13th century. Today, with the Adhara, the Sabria, the Ghrib and the Ouled Yaagoub living in the surrounding oases, they make up the only camel-driving tribes of southern Tunisia. In the spring, they always move to pastures as far as Ghadames in Libya and every Thursday, Douz remains the main dromedary market in the region. But the Land Rover and modernization of the environment have definitely lowered the market value of the "ship of the desert."

"Here," one resident told us, "our diet is couscous. We also eat noodles and for the most part, we bake our own bread. However," he added in that sober, precise language spoken by peasants and shepherds, "a 50-kilogram bag of semolina went from 7.2 to 13.5 dinars and a kilo of flour from 120 to 295 millimes (1 Tunisian dinar = 11.5 francs, a dinar being divided into 1,000 millimes). That set off the 'couscous revolt,' not the bread riots, until Bourguiba cancels those intolerable increases."

And yet, the government had promised to grant compensation of 1.5 dinars a month up to six persons per family, making 9 dinars.

"That compensation was only for wage earners," a teacher noted. "It did not help the peasants or the merchants or part-time workers or the unemployed, in

other words, most of the inhabitants of the south. Nor did it go to old people, widows or orphans!"

"But Prime Minister Mohamed Mzali told us he had obtained funds from the budget and given orders to the governors to grant aid of 5 to 10 dinars to 25,000 poor families."

"We are not always well-informed and the peasants are distrustful," our informant told us. "If what you say is true, when would they have received the money? And weren't the wage earners going to have to wait for their compensation for two or three months? What were they to do in the meantime? That amounted to provocation. Anyway, the baguette eaten by the rich and the tourists went from 50 to 90 millimes, while bread by the kilo, the bread eaten by workers, more than doubled, from 80 to 170 millimes."

For a family of five persons, the increase represented a monthly expenditure of 11.5 dinars, while the minimum guaranteed wage was 85. If one adds the single wage allocation of 3 dinars per child up to the fourth child, that makes a total of 100 dinars a month for a wage earner.

#### Situation Desperate for the Poor

The local leader of the Tunisian General Federation of Labor (UGTT) said that Douz has three hotels and six campgrounds, employing 112 persons and providing customers for 113 camel drivers. But most of the employees receive only 50 to 60 dinars. Even worse off are the workers at projects set up by the government. For repairing roads, laying pipe and building barriers against the sand, they earn 1.7 dinars a day, or 44.2 dinars for 26 working days, provided they do not fall sick.

"Every year," Mabrouk says, "the governor explains that it is temporary work, but that has gone on for 22 years and I am still the trade union representative at the project." To compensate for the increase, the government raised their wages to 1.9 dinars. "But what can Mabrouk do with his eight children when a kilo of meat costs 4 dinars and the price of flour doubles?" someone said, adding, "For the poor, the situation is desperate."

There are some 7 million Tunisians. For half of them, their daily lot can be read in these figures. We saw their fate in the low-income districts of Tunis, the "red belt" in Sfax, the country's second-largest city, in Sousse, where they recently officially opened Port El Kantaoui, a new resort, in Gafsa, the only marine oasis destined to become the industrial pole of the country, in Gafsa and the phosphate compounds surrounding it, in Kasserine, a big farm town, and in Kairouan, the holy city. But in the south, in that region of Nefzaoua, where the oases are scattered around Chott El Djerid, a dried lagoon turned into one vast salty crust, poverty is greater because farming possibilities are limited and industries nonexistent.

One cannot deny Mzali's efforts to fight regional imbalances. It was he who, in August 1981, picked Kebili de Gafsa for a capital of a governorate made up of three delegations (subprefectures): Kebili (45,000 inhabitants); Douz

(42,000); and Souk El Ahad (38,000). One will recall that he made a special trip in February 1982 to launch various projects: new wells, the construction of schools and housing, the building of a new hospital in Kebili and the re-launching of handicrafts through tourism.

The publicity for the Saharan Festival (begun in 1967), which is held every year at the end of January in Douz, that chosen oasis, has made it a stop on organized circuits. All these moves have definitely created jobs, but too few compared with needs. "The oasis has 3,000 emigrants in France and Libya," recall the few representatives of the legal opposition (MDS [Socialist Democratic Movement] and PC) or those of the Tunisian Human Rights League, whose local section is being set up. "We are the poor cousins of the north." And they blame the government for lacking the means to develop the south because it allows the blossoming of a "wildcat liberalism" and hesitates to adopt fiscal measures that would provide the necessary money.

It is within this climate of frustration that the price of semolina and food pastes went up, as predicted, on Wednesday, 28 December. On Thursday morning, the Douz market was calm, but everyone was talking of the increase. At about 1400 hours, a delegation asked subprefecture authorities to send a telegram to the government asking cancellation of the measure. Shortly thereafter, provoked by young people, the first incidents broke out. The forces of law and order fired, wounding four persons. They were taken to Gabes by ambulances whose screaming sirens only heightened the tension.

The demonstrations began again in Douz until the curfew imposed on the evening of Tuesday, 3 January, throughout the territory. On Friday, it was Kebili's turn. On Saturday, incidents broke out in El Hamma and Souk El Ahad and resumed in Kebili. On Sunday, 1 January, the price of bread doubled throughout the country. During the week, Radio Tripoli announced a drop of 20 piastres in the price of bread in Libya! Douz was still chaotic and on Monday, the first death occurred (there would be another). By Friday, demonstrators chanted: "Tomorrow Gabes, then Kasserine, then Gafsa!" Incidents continued and climaxed with veritable riots that broke out on Tuesday in Tunis and in most of the large cities, as if the south had served as a general rehearsal.

"The price of bread was the straw that broke the camel's back and brought the old and the young together!" the opponents say. "It was not for bread that the young people demonstrated, but because they are unemployed. In a society in which the rich ignore the poor and scorn them, they wanted to express their frustration, their concern, their psychological problems," explains Larbi Benhamadi, professor at the Kebili Lycee, who was himself arrested for 24 hours. All comment enthusiastically: "The entire population was with the demonstrators. The women chanted the electrifying 'youyous.' The people left their doors wide open and in all the houses, they had boiled water to care for the wounded." One assistant asked us to report the arrest of poet Mohamed Ali Lasouad Seghir, "an Arab patriot who was tortured." Admittedly, he participated in cultural demonstrations in Libya, but is that adequate reason?

### Governor's Story

In Kebili, Governor Mohamed Hafsa gives a singularly different version of the story. He claims that the poet, whose passionate verses are broadcast by Radio Tripoli, was received by Colonel Qadhafi and especially the head of Libyan training camps. Furthermore, his son reportedly shouted from his home, then along with other demonstrators: "Resist! Weapons will come to you from Libya!" He admits that the first reaction of the people may have been spontaneous, but emphasizes that they were then faced with commando groups made up of youths armed with heavy sticks, iron bars and rocks.

The governor states that in Douz, persons were spotted who were not from the oasis, just as in Souk El Ahad where, he says, Islamists carried demonstrators in their pickups. There and in Kebili, he says, "organizers instigated the people to seize the weapons of the National Guard (gendarmerie). In order to put pressure on the Guard members, they attacked their families, burned their homes and killed their livestock." Furthermore, persons riding motorscooters or cycles, some masked with a keffieh (scarf worn by the Palestinian fedayeen), went from one group to another giving orders. The governor concludes: "In the different oases, we heard the same slogans, observed the same tactics and even the same type of coordination, as if there were a pre-established plan."

In Gafsa, Governor Mohamed el Taief makes analogous observations and states: "Among the front ranks of the demonstrators, we recognized Tunisians who had gone through the training camps in Libya (according to authorities, 3,000 Tunisians reportedly returned home after being trained in Libya for acts of terrorism and destabilization of the government) and Lebanon and whom we had helped to be reintegrated." He also notes that the fires were generally started by small determined groups using gas from their motorscooters that they siphoned out on the spot. Disturbingly enough, newsmen saw in Tunis that the rioters resorted to the same tactics and techniques (LE MONDE, 5 and 6 January).

Whatever the case, the increase in number of projects -- a dozen industrial projects, the installation of a thousand greenhouses, decentralization of the head office of the Gafsa Phosphate Company -- was not enough to discourage the revolt and the damage is considerable. The Maamoun Hotel and the Bayache Club, where alcohol was served and which were frequented by tourists and wealthy Tunisians, were burned and looted. The delegation from Gafsa-South, that of Gafsa North, the municipality, the employment office, the police station, the regional women's union, the handicrafts store, the nursery school in a poor section of the city, were burned or vandalized or both. In Ksar-Gafsa, the cooperative was looted and losses are estimated at 2 to 3 million dinars. The Bourguiba Gardens were damaged and the statue of the chief of state unbolted, an act without precedent. In Gabes, a bust of the president disappeared.

And yet, here and elsewhere, the representatives of the legal opposition and the trade union leaders minimize the role of Islamists -- "They were flattened by three waves of arrests," they say -- and that of the Arab nationalists

(pro-Libyans, Ba'thists, and so on), who were "outstripped by events." "In Gafsa," one member of the Communist Party told us, "out of 70,000 inhabitants, 12,000 are unemployed. Their role was decisive." All are evasive when questioned about the organization of the groups of rioters. They are content to note that the main targets in the south were "the symbols of the government and of luxury."

[1 Feb 84 p 5]

[Text] Sousse--It takes nearly two hours to drive the 142 kilometers from Tunis to Sousse, the "pearl" of the Sahel in the tourist folders. After the rather mediocre highway that comes to an end about halfway, near Hammamet, the fairly narrow road is often crowded and therefore dangerous. A good highway to Sfax, the country's second largest city (350,000 inhabitants), would not be a luxury, but the government, whose financial possibilities are limited, hesitates to undertake such an expense.

An active port, booming industrial center and fashionable resort town, the country's third largest city (200,000 inhabitants) has preserved from the Aghlabid era -- the most brilliant of Muslim Tunisia -- fine monuments, with superb ramparts of light-colored stone, and a tradition of vigor. Like Sfax, it illustrates the country's problems. Better than in Tunis, with its 2 million inhabitants, one perceives the way in which the gap was created between the rich and the poor, but also between the north, bathed by the sea, planted in olive trees and orange orchards, and the south, deprived and often without industry, having only the beauty of the desert and the freshness of its oases.

"Here," we were told by one university professor, "society is made up of three superimposed circles. The local oligarchy retains its control over politics and business thanks to family alliances, the play of economic interests and solidarities within the Destourian Party. Underneath are the middle classes and new elites, which experience a certain malaise because they have difficulty penetrating the other circuits. On the bottom are the manual laborers and especially the young and unemployed, whose frustration builds because, in their eyes, even a poorly paid wage earner is a "have" who has something to lose, while they have nothing, absolutely nothing. Not even hope!"

Examples: The tourists who go to the palaces of Sousse-North and Port el Kantaoui bring back dreamlike images of those residential areas in which the villas being built intend to rival those already standing, veritable small chateaux in terms of size and the riches they contain. But the background is sordid. What was there before was farmland expropriated between 1976 and 1978, for which the peasants received 300 millimes (.3 dinar) per square meter. Those who dared to go to court obtained between 700 and 900 millimes, explains one of the lawyers who defended them.

#### Cheated Peasants

As usual and in the "public interest," the government -- or the community -- did the road construction and development. Today, the real estate company

that undertook the entire operation and parceled the land is selling it for 22 to 24 dinars a square meter, or more than a 6,000-percent increase over what was paid to those from whom it was expropriated. How, our informant asks, can the peasants, mainly reduced to doing nothing because they know no other trade and did not know how to make their meager savings pay off, fail to be doubly frustrated?

Another tells that he closely examined the list of members of the regional advisory commission for the Sixth Plan. Included were government representatives, representatives of the Destourian Socialist Party, Chamber of Commerce officials, employers' spokesmen, corporate executives and a single delegate of the UGTT, the trade union federation. "They are the same ones finds in the industrial projects, real estate promotion, poultry or bee-raising projects. They are in the best position for benefiting from government aid, even unfair promotion, not hesitating to crush those who question their privileges and barring the way to those who would like to share them."

In order to get going, one usually has but to receive a little "push" making it possible to receive a bank loan, then make the best possible use of the law. Thus, the son-in-law of one well-placed official set up a consulting firm a few years ago that now has a turnover of 20 million dinars a year. And yet, he pays practically no taxes. Why not? First of all, his mother, wife and grandchildren are on the list of personnel, which enables him to deduct their salaries even though they are not taxable because he declares them barely over the SMIC [interoccupational minimum growth wage]. Then, since general expenses are deductible, he includes his car, his wife's car, construction of the swimming pool, servants, without mentioning bills for vacations and the holidays in Europe, all put under the heading of publicity or contacts. Consequently, like every Tunisian employer, he lives in greater luxury than his European counterpart, who has more difficulty avoiding taxes and employers' contributions.

#### Business in Politics

Over the years, the intrusion of business in politics has become the norm, even among government employees -- including some categories of teachers -- while civic spirit and the notion of public service deteriorates. Corruption is widespread. One can thus understand how so many citizens can afford BMW's and Mercedes costing a minimum of 30,000 dinars, when taxes on such cars amount to some 300 percent (nearly 100 percent on cars with smaller engines). Likewise, one discovers that Tunisians who have never lived abroad have cars with the FCR registration (duty-free because of change of residence), only given to emigrants who return home and are exempted from paying the import tax.

Former Minister of Economy Moalla tried to clean up the habits of business circles and improve tax payments, in a concern for social justice and in order to fill the government's coffers, the origin of many fortunes, moreover! In particular, he tried to make billing required in enterprises and businesses and impose payment by check for any transaction over 5,000 dinars. He also wanted a tax on swimming pools and a low tax on luxurious residences, which would

have brought in 5 million dinars. None of these proposals saw the light of day because, it is said, they would have bothered certain officials.

As for the law setting up an order of accountants and auditors, it was passed but the orders of enforcement never came, so that it remains a dead letter. "And yet," Baccouche, secretary general of the UGTT, told us in Tunis, "while almost all of the public enterprises are very often running a deficit, it is because their balance sheets are rigged, they are the victims of management errors and there is absolutely no control. With auditing of management and better taxation, not only would the problems posed by the elimination of the Compensation Fund (which subsidizes bread and other products) not have existed, but hundreds of millions of dinars wasted, stolen or simply not paid would finally enter government coffers."

One can therefore understand why, in the face of such laxity, small-time beggars and "the idle young," to use the government's expression, get revenge for their fate by scratching the paint of brand-new cars with nails or stones or breaking their rearview mirrors. Nor is it surprising that among the rioters are many adolescents who, having failed to get into high school, wander about the streets or, when they are lucky, get jobs as apprentice mechanics at 30 or 40 dinars a month. Most live on the margin of the new society that has opted for the modernity of a West that both fascinates and rejects them. They offer an ideal terrain for subversive propaganda.

At the time of the first incidents and the beginning of the riots on Tuesday, 3 January, many parents, especially among the middle classes, practicing open or latent opposition to the regime, looked at the demands of lycee students with understanding indulgence. But the ideologists and organized commandos very quickly went into action, while in their wake poured the looters and sometimes plain people who wanted to settle their accounts with their neighbors or society. Consequently, no longer did they only attack the symbols of the government and luxury, but went on to burn the smaller cars and loot the little shops. This was the great fear of all property owners. The opponents who a few hours earlier applauded or shouted encouragement now blamed the state for not abruptly bringing in the forces of law and order to protect what they owned!

#### Explosive Mixture

That Mzali and many leaders want to solve the problems of underdevelopment cannot be doubted. But since the political and administrative personnel have not been changed, the reforms anticipated -- as the tax reform proves -- encounter all kinds of obstacles. More than ever, it is the Tunisia of paradoxes. Open, dynamic, modern and more democratic than that of most Arab countries, Tunisian society is also a blocked society in many ways. An expanding middle class confronted with a strata of the poor representing about half the population is a more explosive mixture than a handful of lords in a feudal state. This mixture illustrates "De Tocqueville's paradox" which states that political instability is more threatening when things are "a little better" but when the improvement disappoints the excessive hopes it engenders. How can one ignore the fact that the range of incomes, which went from 1 to 36 in 1966, is now from 1 to 45?

While Mzali tried to "get things going" by favoring the multiparty system and greater democratization, the blockages existing in the machinery of state are also found in other sectors, beginning with the press. Criticism, even simple nonconformist analyses formulated by the opposition -- and especially by foreign newsmen -- are poorly perceived by the official press, which always whitewashes as a matter of practice. L'ACTION, the organ of the Destourian Socialist Party, presumed to be in the avant-garde of political reflection, prefers incantatory formulas and moralizing assertions to lucid examinations. When this daily claims in an editorial that the characteristic of the regime is "the honesty of all those in power," it makes "those in the know" in Tunis, Sfax or Sousse smile. Inversely, the unemployed in Gafsa and Kasserine read as a provocation articles emphasizing "the (government's) concern over the poor," as well as that proclaiming: "Young, bursting with health, united behind its great leader, (Tunisia) knows how to bind up its wounds and move ahead, proud and invulnerable."

Frightened by the extent of the damage and the image of violence which "sweet, friendly Tunisia" presented of itself, the rich also went out in the streets on Friday, after President Bourguiba cancelled the bread price increase, not to chant "the people have won," but to express their relief. Calm has therefore returned, but the problems remain. Will the leaders look at the record after the social and political upheaval that has just shaken the country -- the third since 26 January 1978 -- or will they continue to tear themselves apart over the succession in the games of Carthage and around Carthage?

[2 Feb 84 p 5]

[Text] Tunis--"Here, we are not under the French Fourth Republic. It is I who forms the government; it is I who names you prime minister or removes you from office. You followed the policy I told you to follow. It is you who will succeed me. I have confidence in you and to prove it to you, I am taking the Ministry of Interior away from Driss Guiga and giving it to you." It was in these terms, Mohamed Mzali told us, that President Bourguiba, at a meeting at the Carthage Palace, confirmed him in office on Saturday, 7 January, a few days before the riots. The commander in chief could scarcely admit that the police had let his prime minister hoot, while he himself had favored doubling the price of bread as early as September.

Since that meeting, the prime minister has spoken less of the role of the pro-Libyans and the Islamists in the disturbances, emphasizing the failings of the police and the "conspiracy" of his main rival. Guiga had harbored the hope, if the government had resigned as he had wished, to be chosen to replace Mzali and therefore, according to the constitution, become the presumed successor. After the terrible crisis the country had just suffered, such maneuvers could scarcely be surprising. And yet, this was not the first time that street rioting was used in the fight for power.

To understand the bitterness of the fighting, one has to go back to 15 March 1967. In the evening, a storm of Dantean violence broke out, an omen for Tunisia, which in the morning learned that the chief of state had suffered

a heart attack. The political class then realized that Bourguiba was mortal and from then on, the "war of succession" was underway. Fearing that the president, who supported him, might fall victim to another attack, Ahmed Ben Salah, minister of economy, speeded up the establishment of his cooperative system, at the risk of increasing discontent, without suspecting he was thereby precipitating his own fall. This discontent would be expressed for the first time in June 1967, when the Six-Day War broke out.

#### 1978 Riots

Since Bourguiba recommended a negotiated solution to the Palestinian problem in 1965, Tunisia has faced the hostility of the progressive Arab countries. To break that isolation, Mohamed Sayah, "the president's man" and head of the Destourian Party, took the initiative of organizing a demonstration of solidarity with Nasser's Egypt on 5 June. Some 5,000 Tunis residents responded to the appeal. But the movement degenerated: The crowd attacked the American cultural center, the big synagogue, the Newish quarter, and engaged in looting. Hostile to Sayah, Minister of Interior Beji Caid Essebsi and Minister of Defense Mahmoud Mestiri were then careful, according to witnesses, not to bring in the police or the troops.

Following other incidents, Bourguiba placed a limit, in 1969, on the "cooperative" experiment disapproved of by Mestiri, who represented the liberal wing of the PSD. But it was Hedi Nouira who was named prime minister. He changed courses and practiced an economic liberalism favoring the emergence of a new bourgeoisie and expansion of the middle class. A gap began to grow between the latter and the poor and a social crisis began to brood. The UGTT, claiming to be the main organized force in the country at the expense of the PSD, took the defense of the workers. Did the government resort to a maneuver in order to weaken the trade union federation and break its leader, Habib Achour, as the latter later claimed? The fact is that the general strike ordered by the UGTT on 26 January 1978 turned into rioting in Tunis. This time, some 50,000 persons went out into the streets and the army had to be called in to restore order.

#### Massacre

Once calm had been restored, Nouira continued his policy as if nothing had happened, thinking there was no other choice. He also knew that the president opposed changing prime ministers and that few of his peers could take up the post. Born in Monastir, Bourguiba actually intended to set up a kind of "Monastir dynasty" through the prime minister, himself from Monastir, called upon to succeed him. Persuaded he had muzzled his adversaries, Nouira made an error in calculations like that of Ben Salah, failing to make the necessary changes.

Two years later came another crisis, indirectly caused by Colonel al-Qadhdhafi, who never forgave Nouira for having torpedoed the agreement on unity between the two countries signed on 12 January 1974 in Djerba by President Bourguiba. A Tunisian commando, trained in Libya, attacked Gafsa on 26-27 January 1980, hoping to cause rebellion in the country and bring about the downfall of a

regime that was disturbing because of its modernity and its relative liberalism. The army intervened for the second time. Legalist and disciplined, as Bourguiba had wanted, it went back to the barracks after completing its task. Once the alert was over, the government did not seem to have learned the necessary lessons.

And yet, the failings of the police and security forces were already obvious since, during the month preceding the attack, trucks from Libya had stored weapons in the mining compound without attracting attention. Nor had there been concern about the sympathies which the people of the south, extremely poor, felt for the Libyan Jamahiriya, which was rich and revolutionary! "If they had been truly moved," one opponent told us, "instead of setting up a second French-speaking television network, they would have improved the Arabic system and improved the radio and television transmitters in order to fight the influence of the Libyan broadcasts that one often hears better in the south than those of the government."

Bourguiba, still in control, felt that a change was essential. As early as 1979, he was thinking about removing Nouira and took advantage of his illness to call on Mzali in 1980. The third prime minister of the Bourguibian regime had more Arab and Islamic fiber than his predecessor and better contact with the crowd. He practiced a kind of populism that annoyed the politicians, but seemed to please the little people. He opted for a middle path between the cooperativism of the 1960's-1970's and the "wildcat" liberalism of the following decade.

He therefore intended to fight the regional imbalance and improve the fate of the poor by imposing some sacrifices on a bourgeoisie that had benefited greatly from government aid. At the same time, he granted the middle classes, with the support of the president, the multiparty system and greater democratization. But he had to reckon with sociological stumbling blocks: The rich blocked tax measures indispensable for providing the government with the means to finance its social policies and the local oligarchies halted a democratization that risked infringing upon their powers. Finally, the health of the octogenarian president became more worrisome and the politicians turned the Carthage games and their intrigues into a free-for-all, engaging in a veritable massacre of the possible prime ministers.

Against this background, the increase in the price of grain, however wise and coherent from the government's standpoint, was perceived as a provocation. All the provincial trade union leaders told us the same thing: "Instead of making the rich pay, they have penalized the poor." Summing up their thoughts, Habib Guiza, head of the Gabes regional union, stated: "We must review the economic and social choices. They scarcely consulted us on the Sixth Plan, although we know local realities. You can see the result. The essential thing in the Third World is not the multiparty system, but development and justice, and I would state that it is not the Islamists who can solve the country's problems tomorrow."

Tayeb Baccouche, secretary general of the UGTT, echoed these remarks. "We live from day to day with choices and operations. We must change policies."

He also wonders about the ability of current leaders to undertake indispensable reforms and adds: "How can one claim to fight unemployment when one does not know the exact number of unemployed? We must learn from events. Recovery presumes awareness and a political will. Do they exist? I would not like to doubt it!"

In the parties of the legal opposition, it is the same refrain. Mohamed Harmel, secretary general of the Communist Party, speaks the language of frankness and lucidity. After emphasizing the political vacuum created by the erosion of the PSD, after 27 years of exclusive power, he notes that no force: the PC, Movement of Socialist Democrats, Islamic movements, the UGTT, Movement of Popular Unity, can alone play a decisive role. "All the live forces must unite to build a new historic bloc. They can come together on a national democratic consensus. We must give up a narrow, corporatist notion of politics in order to create a new dynamic," he says.

Mahmoud Mestiri, on behalf of the Movement of Socialist Democrats, does not speak much differently. We must, he says, begin by drawing up a balance sheet, then pose the main problems: "red belts" in the big cities, youth and school dropouts, agriculture, the industrial process, tourism, and so on. He says he is convinced that a consensus is possible on essential matters: the government, the country's future, the democratic process. "But," he concludes, "if we want the politicians to be concerned, we must create the proper structures. It is the government that must take the initiative."

A Sergeant?

Today, two questions are posed: Will Mzali's adversaries continue their guerrilla warfare at the country's expense? Will the prime minister, like his predecessors, be content to find scapegoats or is he, on the contrary, determined to get to the bottom of things and act on that basis? Actually, Guiga's removal -- the president kept him in the Political Bureau -- is not a panacea. Nor is it enough to believe that the perils have been exorcised because one has halted the Islamic leaders over the years. If they have a large following without proposing a coherent, realistic and modern program in the event they should take power, it is because they stick to the concerns of the poorest people and in a simple language condemn the faults of society.

After the crisis of 26 January 1978, it was obvious that the young people -- 60 percent of the population is under the age of 20 and has therefore not been involved in the commander in chief's fight for independence -- represented an unknown factor, even a threat. The most lucid Tunisians called attention to this "reservoir of violence" that risked exploding and we repeated the warning (see "The Tunisia of Uncertainty," LE MONDE, 17, 18, 19 February 1982). The explosion took place: 5,000 demonstrators in 1967, 50,000 in 1978, some 500,000 throughout the country in 1984, without mentioning the Gafsa alert in 1980. The speed of the crises is growing and intensifying. Today -- and how can one fail to be concerned? -- two themes come back in all conversations, in the drawing rooms, political staffrooms, the streets: the fear of new rioting that will be worse and more murderous; and the fear -- or hope -- that the army will not return to the barracks if it should again have to restore order.

Trained in France and increasingly in the United States and Turkey at American bases, Tunisian officers have never had the reputation of being revolutionaries.<sup>1</sup> Arab nationalists: Nasserians, pro-Libyans, Ba'thists, and Islamists are undoubtedly sparing no effort to recruit sympathizers, especially among the subordinate officers, although this represents no real danger at the present time. In circles close to the communists, it is thought that the army is "too infiltrated by the CIA" for a military man to anticipate "engaging in any adventure without a green light from Washington."

The fact nevertheless remains that for the first time since independence, the shadow of the army hangs over Tunisia and the Tunisians speak of it openly. While Mzali and Guiga were squabbling in front of him after the riots, President Bourguiba reportedly silenced them exclaiming: "What do you want? A sergeant?" (reference to Master Sergeant Doe, who became president of Liberia).

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<sup>1</sup> However, in 1963, the Tunis Military Tribunal condemned seven officers and six civilians to death on 17 January for trying to assassinate President Bourguiba (five officers and five civilians were executed). They had been denounced by a subordinate officer. Actually, it was not so much an attempted overthrow -- the army is legalistic -- as it was a political conspiracy conceived by Youssefists shortly after the assassination of their leader, Salah Ben Youssef, Bourguiba's rival, in August 1961.

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AMIR DISCUSSES STOCK MARKET CRISIS, BOMBING INCIDENT, OTHER ISSUES

Kuwait AL-QABAS in Arabic 23 Jan 84 p 8

[Interview with Jabir al-Ahmad al-Sabah, amir of Kuwait, on board plane returning from Fourth Islamic Conference in Casablanca]

[Text] His highness the amir of the country confirmed that Kuwait would always remain above every other consideration. His highness announced that he would agree to any ruling issued by the court of state security in the case of those accused of perpetrating the bombings that occurred recently in Kuwait. In a comprehensive interview conducted with his highness by the chairman of the board and the general director of the Kuwaiti News Agency and the editors of the local newspapers on board the private aircraft that bore his highness on his return home after he had taken part in the Fourth Islamic Conference in Casablanca, the amir said that the recent events in Kuwait had awakened the state to many things. He affirmed his determination to outfit the political security apparatus with modern equipment and to raise the capabilities of its elements. However, his highness explained that it was impossible to do everything all at once. He then confirmed the need to maintain the alertness of these agencies and not permit a return to the laxness characteristic of the past.

When his highness was asked for his opinion on some personal attacks made by some biased radio stations, he said, in a voice full of trust and humility: "We work for our country first and last. He who works for his country is concerned by nothing else. Consequently, all of these campaigns have no value in my sight."

Our Position on the Security Agreement Is Firm

He was asked whether the recent criminal events witnessed by Kuwait would change the position of the Kuwaiti government on the security agreement that the Gulf Cooperation Council (GCC) countries are trying to draw up within the framework of the GCC. His highness said: "Kuwait has stated its view with respect to this agreement. It has explained to our brothers in the GCC which clauses of the agreement conflict with the Kuwaiti constitution and some of Kuwait's laws. We have given our opinion, and that is that. The criminal bombings that violated Kuwait's security have nothing to do with the aforementioned security agreement."

His highness confirmed that Kuwait definitely would not oppose this agreement, "if our brothers in the GCC understand our situation and respect the texts of our constitution. If they do not do so, we shall remain as we are."

#### Cooperation in Other Areas

His highness went on to say: "However, that does not prevent us from cooperating in other areas, because cooperation is possible in all areas. At the start of the council, I stated my opinion on the matter of cooperation. I confirmed that we must not force anyone to do anything, because each one of us has to act out of complete conviction. Anyone who is not convinced of something must be given an opportunity to think until he arrives at a decision or opinion. If he is not convinced, he has the right to think that way. I have also said before that this does not mean we will not cooperate in other areas. This represents Kuwait's actual position on the subject of cooperation."

His highness was asked about the cessation in the issuing of work and visitor permits and the grumbling by the people over this. He said: "The people do not all think the same way. Whenever a decision is made, some are pleased and others are not. When we stopped issuing work and visitor permits, some people screamed. If we permit them to be issued again, others will scream. We must determine the interest of the Kuwaiti people and the higher interest of the country in a manner consistent with the needs of our economy and our various projects."

His highness the amir of the country confirmed that if what happened in Kuwait had happened in another country in the Third World, its effects would have been felt for at least a year.

#### The Solution of the al-Manakh Crisis Is on the Right Road

The editors turned their attention to the al-Manakh market crisis. They asked his highness about the progress that had been made in solving the crisis. He responded by saying that the solution was moving along the right road. He said, "If God wills, we are working in the right direction. There are no longer any obstacles before us. However, the problem needs some time. Therefore, we are now studying means of reviving the Kuwaiti economy. With God's help, we will do this via studies and concepts that we are working very hard to draw up."

#### Merging Similar Firms

The amir was asked if the government was working toward, studying, or thinking about setting up a private stock company in which all private companies would be merged. The amir said, "We are not trying to do that in particular, since we are not thinking of merging all the companies in one. However, we are now thinking of doing a scientific study of merging companies engaged in the same economic activity. That is, two, three, or more companies would be merged into one."

His highness explained that this would spare these companies many burdens, especially in the area of expenditures, which would definitely decrease once the companies had merged. In a similar fashion, administrative burdens and those borne by the participating citizens would decrease automatically.

His highness pointed out that this would require everyone to come together. He explained that this would require real cooperation. Then his highness announced that the government was ready to cooperate with everyone in order to solve this problem.

The amir said that the government is now giving priority to local economic problems having to do with the crisis in the securities market. He added: "We must first resolve this crisis. Then we can focus completely on the subject of the Gulf companies."

His highness was then asked how the state treasury had been affected by the al-Manakh crisis and whether that had had an effect on the state's reserves. He said, "There is no doubt that the government has spent limited sums on this crisis. This expenditure came just as the general revenue of the state was falling."

#### Reviving Economic Activity

The amir was asked about the means used by the government to revive economic activity in general. He was asked whether the government was looking into the possibility of using expropriations and price controls as a means of bringing about this revival. His highness said: "We are now carefully studying the economic situation. The studies deal with the entire Kuwaiti economy. By means of this, we will try to revive this economy in general."

His highness indicated that price controls were one of the tools that might be useful in this regard. However, he said that their usefulness would be limited, since the beneficiaries of price controls would be few in number. Thus, price controls will remain an integral part of the economic recovery, but not the basis.

#### The Arab Summit Will Come When We Are Ready

His highness was asked if he believed that the next Arab summit would be held on time in Riyadh. He said, "The summit requires prior preparation." With regard to the Arab situation, his highness said that the situation was sullied by problems between brother Arabs. He said that these problems had to be recognized and that an effort had to be made to solve them. He said that preparations had to be made before the problems were confronted on the summit level.

The amir said, "When we find ourselves completely ready for the summit, we will be able to set the time. I do not know if this is the right

time to hold the summit. This becomes especially problematic if we look at the Arab disputes, in particular what is happening among the Palestinians."

In connection with the results of the Fourth Islamic Conference, his highness the amir expected that the conference would exercise great influence on the international level, especially if the Muslims closed ranks and spoke with one voice.

His highness pointed out that great fear existed among Christian circles of an Islamic awakening. He said that Western newspapers and news services expressed this fear through biased reports that were intended to belittle the importance of the conference and create an air of pessimism around it by issuing predictions of its failure.

His highness the amir confirmed that despite all the disagreements, the Islamic Conference would have great influence on the international level.

His highness spoke about Kuwait's invitation to host the Fifth Islamic Conference. He said that the conference headquarters project would be close to his own headquarters so that he would be able to follow and supervise it, thus gaining time and eliminating routine. He said the conference is so important that no delay can be permitted. His highness referred to the subject "routine" from which the state ministries suffer, thereby confirming the existence of the problem.

#### No Sensitivity from any President of the Municipality Council

The municipality was also discussed in this interview. His highness the amir was asked whether the six appointed members of the municipal council would take part in the voting to elect the president of the council and its committees. He said, "Of course the appointed members will take part in the voting within the council." His highness affirmed that no sensitivity would exist with regard to any person elected president of the council, because the right of decision belongs to the members. "We have a democratic system," he said. "The municipal council is an independent body with its own democratic system. The members of this body choose whom they will."

The government appoints six members, whom it chooses from among well qualified persons. Its goal is always to develop this body.

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CSO: 4404/318

SUGGESTIONS FOR REVIVING ECONOMY OFFERED

Kuwait AL-QABAS in Arabic 31 Jan 84 p 1

[Editorial by Muhammad Jasim al-Saqr: "Unmagical Suggestions for Stimulating Economic Activity"]

[Text] Within the context of the efforts being made to treat the local economy's stagnation, which is affecting almost all sectors, it seems to be easy to identify the most prominent factors that have caused this state of affairs. Perhaps one of the most important factors locally has been the stock market crisis. Regionally, it has been the continuation of the Iran-Iraq war, while the big factor internationally has been the stagnation in international oil markets.

Though it is easy to observe the factors that have caused the state of economic stagnation, it is not at all easy to say that a magic way exists for dealing with this state of affairs and ending it as easily as one jumps into the air!

Therefore, one ought first to determine the magnitude of the stagnation, which is casting its shadow over all economic sectors. Here are the most important ones:

1 In the trade sector, a decline in the volume of local commercial transactions (wholesale and retail) has been noticed. This followed a decline in the demand for commodities. In turn, this led to a decline in import-export activity and transit flows, as well as a noticeable decrease in the volume of developmental facilitations. This has been going on since 1982, and the decline continued during last year.

2 In the real estate sector, the phenomenon of stagnation has been much clearer since mid-1982. Real estate conveyance rates fell to record low levels in comparison with the "golden period" witnessed by this sector in 1981 and 1982, and even in comparison with previous years. Statistics indicate that the number of offices offered for rental on the market without key-money payments increased, although their rental value had declined 30 percent in comparison with the values prevalent 2 years ago. As for the prices asked for commercial space, they fell massively. The figure was about 50 percent. The same was true of

residential units. At the same time, an increase occurred in the prices of investment buildings and units. This increase could not keep the volume of real estate transactions from being lower than the normal market level of past years. Naturally, this was accompanied by a slowdown in the rates of growth of bank facilitations, which are still low in comparison to the real estate financing figures for 1981 and 1982.

3 In the banking and financial sector, it was naturally expected that the flow of local liquidity would retreat and that the total rate of growth in unified commercial bank assets would decline. Moreover, credit facilitations for the local economic sectors fell by about 4 percent during the first 9 months of 1983, in comparison with an increase of between 25 and 27 percent during the same period of 1982.

4 As for the construction sector, it alone continued its activity--in the public sector--at good rates, as a result of the increase in allocations for construction projects in the 1983/84 budget, which contained an increase of 14 percent in comparison with the previous budget.

However, this was not reflected in private sector activity in the same field, since the number of building permits issued in the first 9 months of 1983 fell by almost 30 percent in comparison with previous years.

In the face of these indicators, which are based on precise information concerning the local economy's situation, it is necessary to try to present limited suggestions that will help relieve the stagnation. We begin with some steps the state can take to improve the financial situation. Some of them are:

First: A recovery-oriented policy must be implemented by means of the spending plan in the state's general budget, it being stipulated that the state will commit itself to increasing the allocations to the production sectors (projects involving housing, schools and suburban centers). Bidding conditions must be reformed to grant specialized local contractors priority over others, without disturbing the level of production capacity. Better opportunities must be provided to local industries, in accordance with the conditions of cost, quality and availability.

Second: In order to confront the gap that will appear between the state's income and its expenditures after the expansion of spending, it will be necessary to provide incentives in order to attract private sector capital and eliminate the problem of inflation. This can be done by setting up public institutions like the Housing Board and the Kuwaiti Petroleum Corporation by borrowing from the market. The government could successfully issue securities in order to borrow money from the local market. After all, the securities issued by the Industrial Bank of Kuwait, the Kuwaiti Trading Company, and foreign contracting and investment companies have succeeded. The government could also finance the difference by guiding the resources of the institutions belonging to it, such as the social insurance company.

At any rate, it would be better to avoid drawing upon the state's general reserve, in order to preserve its rates of return and choke off inflationary inclinations in the short run.

Moreover, the Central Bank can continue its policy of maintaining suitable levels of liquidity and low interest rates in the local market. There is no doubt that the level of liquidity can be controlled by means of developing the available market instruments in terms of maturities and interest rates.

Finally, one can say that it has become necessary to help consumers overcome the negative psychological effects of the recent crises. This requires an intensive effort on the part of the media that will quickly return trust to the markets. This is the alternative to panting behind events and losing the ability to control things at the right time by means of proper planning.

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CSO: 4404/318

REPORT ON GANDHI 30 JAN SPEECH TO HARIJANS

New Delhi PATRIOT in English 31 Jan 84 pp 1, 7

[Text] Amidst a call to preserve and strengthen the unity of the country, Prime Minister Indira Gandhi on Monday gave an assurance that the Centre was interested in solving all the problems.

In the context of the various movements going in the country, she made an oblique reference to the Punjab agitation and expressed confidence that a solution would be found.

Addressing a large rally of Scheduled Castes and Scheduled Tribes on the Ram Lila grounds in the Capital, she said the difficulty in solving the problems focused by the "andolans" was that with every solution more problems came up.

"There is a solution through suppression, but we want to resolve matters peacefully. In the case of one movement they were not heard when they raised the matter, while their Government was in power--reference to Punjab--and they are raising it today for they believe that they will get justice."

"We want to solve it but we have to keep in mind the interest of others as well. I am sure there will be light. A solution will be found no matter how bleak things look now," she said.

The other major points of her speech was the need for unity, which she said, was essential to keep the country strong, to strengthen unity the gap between the rich and the poor will have to be reduced, she added.

There is tension in society as people do not get justice and we will have to wage a battle against all atrocities on the plane of thought and attitudes, and break all the artificial walls of communalism, regionalism and casteism, she said.

The Prime Minister lamented that some of the programmes were not being implemented and then questioned how the programmes could be implemented, when there were efforts on to hinder them. She then warned the gathering that both the country and the Congress were surrounded by enemies.

While asking the people to help themselves, she expressed unhappiness that the 20-point programme was not being fully implemented and there was bungling in giving loans to the poor.

She said that whenever the bank people told her that the poor would not give the money back, she always asked them whether the rich returned the loans they took and got back a reply that they did not.

She told Harijans and Scheduled Tribes that they were the target of atrocities as the others did not like the Harijans and the tribals speaking for themselves and holding their head high.

In her tributes to the Father of the Nation during her talk, Mrs Gandhi said the Mahatama was the symbol of the country's hope especially its poor. He taught the Congress to give up communalism, casteism and such other issues. And 30 January was a painful day for the country to observe.

During the course of her talk a lot of people presented memorandums to be handed over to her. Her speech was preceded by that of Union Minister for Works and Housing Buta Singh. Besides Mr Rajiv Gandhi, others who spoke included Mr Bhajan Lal, Mr S.C. Mathur and Cong-I MP Chand Ram.

Mr Gandhi stressed the need to carry on the programmes for uplifting the Harijans and the Tribals and integrate them into the mainstream of life as envisaged by Gandhiji.

While urging that care must be taken to ensure that the benefits of reservation reached all Harijans he warned them that there were forces both within and outside the country who were trying to mislead the Harijans. He said one such force has office in Birmingham also.

Warning that the people should not get trapped in Government bureaucracy, he regretted that there was some fall back in giving land to the landless.

Mr Gandhi also criticised the National Conference Government for not helping the country in implementing the reservation system fully.

The AICC-I general secretary also warned that foreign pressures and forces were surrounding India. He said that the Pakistani forces had been conducting a big exercise recently in the Pak-occupied Kashmir and reminded the people of what had happened in the past whenever Pakistan had accumulated arms.

CSO: 4600/1538

REPORT ON GANDHI 2 FEB SPEECH TO HARIJANS MEETING

New Delhi PATRIOT in English 2 Feb 84 p 1

[Text] Prime Minister Indira Gandhi assured the Harijans and tribals on Wednesday that the policy of reservation would not be scrapped and might, in fact, continue for many years to come.

Addressing the concluding session of the Congress-I convention of Scheduled Castes and Scheduled Tribes, Mrs Gandhi exhorted her partymen and the weaker sections themselves to ensure implementation of the various schemes meant for their social and economic upliftment.

The officials, she admitted, did not seem to evince the necessary interest in implementation of these schemes. It was, therefore, necessary for the Congressmen and the representatives of the weaker sections to see that these schemes were strictly implemented.

The three-day convention, sponsored by the Scheduled Castes and Scheduled Tribes cell of the AICC-I, adopted a resolution demanding inclusion of all land reforms in the Ninth Schedule of the Constitution.

The resolution also demanded suitable amendments to the Article 335 of the Constitution to ensure adequate representation of the Scheduled Castes and Scheduled Tribes in the services through recruitment and promotions.

The resolution said that implementation of land reform had so far been very tardy, a fact Mrs Gandhi herself admitted in her remarks. She said one of the reasons land reforms had suffered a setback was that the land given to the weaker sections during the Congress rule was taken away by the influential sections during the Janata regime.

In this connection, Mrs Gandhi referred to West Bengal and charged that there the land given to the weaker sections had been taken away from them by the Left Front Government and given to party cadres.

Mrs Gandhi also admitted that there were lacunae in the implementation of the reservation policy but whenever such shortcomings were brought to the Government's notice, swift action was taken to rectify the situation.

Referring to the criticism of the working of banks by participants in the convention, Mrs Gandhi said that initially the officials posted in the rural areas were not attuned to life in rural areas, which caused hardships to the sections seeking bank loans. Many of them have been given training now. Still, there was need for partymen and others to see that the benefits sought to be extended to the poor reached them on time and in adequate measure.

About the role of cooperatives in the development of the weaker sections, she said that even in the States where cooperatives were doing good work, they were controlled by influential persons, while the poor were having only an insignificant place. This situation could be overcome only by educating the poor and enabling them to stand vigilantly to guard their rights.

She stressed the need for enlightening the poor about the various schemes meant for them so that they could themselves ensure that the funds meant for their welfare benefited them.

The resolution adopted at the convention demanded that 25 percent of the total volume of bank loans should be given to the Scheduled Castes and Scheduled Tribes and no interest should be charged up to Rs 7,000.

Another suggestion made in the resolution was for holding the State Government and district authorities responsible for land reforms for which monitoring committees should be set up in all districts with adequate representation of the members of these communities in them.

This was the first national convention of the Scheduled Castes and Scheduled Tribes sponsored by the AICC-I cell.

The cell has already planned a series of similar conventions in every district over the next few months. After these conventions are completed, a seminar would be held in every State to review the working of the various Government schemes for the welfare of the weaker sections.

The experience gained from these seminars and conventions would be conveyed to the Government to enable it to formulate new policies and modify the existing ones to improve implementation of these schemes.

CSO: 4600/1543

MISTRUST PERSISTS IN INDO-PAKISTANI RELATIONS

Calcutta THE STATESMAN in English 2 Feb 84 p 9

[Text] New Delhi, Feb 1--Given the backdrop of the recent meetings of the four subcommissions of the India-Pakistan Joint Commission in Islamabad and here and the impending visit to Pakistan of the Information Minister, Mr H.K. L. Bhagat and the visit here later in the month by Mr Nias Naik, the Pakistan Foreign Secretary, the obvious impression would be one of improving relations between the two countries.

On paper this may even be true. But a closer look reveals persisting suspicion and mistrust on both sides. So much so that even some of the participants in the recent contacts between the officials of the two countries do not hesitate to confess to a sense of helplessness. And it applies as much to Indian officials as to the Pakistanis.

On paper again, as a result of the meetings of the subcommissions the two countries have taken several steps which, given the necessary political backing, could well lead to a better understanding. But in the Indo-Pakistani context both mean just the opposite of what is said on paper. Take India-Pakistan trade, for instance. The subcommission concerned has identified the areas in which the two could have trade to their advantage.

But no sooner is that said than you have representative Pakistani businessmen arguing that the industries in the two countries have for various reasons developed on parallel lines. Therefore, liberalized imports of Indian manufacturers would be detrimental to the growth of the Pakistani industry. One of these spokesman, as quoted by a leading Karachi daily, suggests "equitable" trade with India. For example, manufactured goods be exchanged for manufactured goods and raw material for raw material.

Officially, the Pakistanis are afraid of having an adverse trade balance with India through liberalized trade. They also emphasize the need to protect their developing industry. To this the Indians say that Pakistan can more than offset the disadvantage by exporting fertilizers, pig iron, low-grade coal, petroleum products and so on. The Indians believe that the cumulative trade balance between 1867-77 and 1982-83 was favorable to Pakistan. The fact, however, is that the trade between the two countries has been showing a downward trend--the two-way turnover was Rs 660 million in 1977-78.

MIZORAM LEADER DISCUSSES CHECKING MNF ACTIVITIES

Calcutta THE STATESMAN in English 31 Jan 84 p 9

[Text] Agartala, Jan 30--Top-level discussions were held here during the past few days to finalize measures to check the recent spurt in the activities of the outlawed MNF. Mr H.S. Dubey, Lieutenant-Governor of Mizoram, Mr R.K. Mathur, Inspector-General of the Border Security Forces and the General Officer Commanding of Tripura and Mizoram, Major General Y.S. Tomar, met the States Chief Minister, Mr Nripen Chakrabarti, here separately recently.

The demand that has been made for the first time by the underground Tripura extremists unit "tribal national volunteers" for a "free tribal State in the North-Eastern region" and their support in favour of the "Khalistan agitation" have apparently deepened the anxiety in the State official quarters. The ruling Left Front was still awaiting a tip-off from the TNV chief, Mr B.K. Hranghawl, and his followers to its call for peace negotiations.

Mr Hranghawl, who was arrested in June 1980, in the wake of communal disturbances, was released on bail after several months. He along with his wife Mrs Lunda jumped the bail on August 13, 1982. Mr Hranghawl had issued an appeal from his underground hideout somewhere in the Chittagong Hill Tracts of Bangladesh on September 4, 1982, to the tribal extremists of Tripura to wage an armed struggle "against the present Left Front Government in the State."

An armed gang of the TNV fired at a CRPF camp at Dangabari on the night of January 26. They, however, made off quickly following a retaliation by the CRPF.

The TNV extremists who were so long demanding simple tribal autonomy in Tripura as well as the "removal of the present refugee Government in the State" have for the first time changed their mind to see a "free State for the tribals in the north-eastern region."

Mr Chakrabarti has approached the Union Home Minister, Mr P.C. Sethi, for a helicopter to maintain a strict watch on the State's border with Mizoram and the Chittagong Hill Tracts of Bangladesh. Mr Chakrabarti is believed to have been assured by the Union Home Minister that an additional battalion of the BSF will soon be deployed in Tripura.

CSO: 4600/1535

LIST OF MINISTERS OF STATE AFTER CABINET CHANGE

Calcutta THE STATESMAN in English 8 Feb 84 p 1

[Text] New Delhi, Feb. 7.--Mrs Gandhi tonight made changes in the portfolios of five ministers of state and three deputy ministers.

A Rashtrapati Bhavan communique said that on the advice of the Prime Minister, the President directed the changes in portfolios for the ministers and the deputy ministers.

Mrs Ram Dulari Sinha, minister of state for commerce, will now be the minister of state for home affairs. Mr N.R. Laskar, minister of state for home affairs will be the minister of state for commerce and Supply. Mr S.B. P. Pattabhi Rama Rao, minister of state for finance, [words illegible] the minister of state for industry, Mr S.M. Krishna, minister of state for industry, Mr S.M. Krishna, minister of state for industry, will be minister of state for finance and Mr Arif Mohammed Khan, minister of state for agriculture, was made minister of state for energy.

Mr Gulam Nabi Azad, who was deputy minister for law, justice and company affairs, was given information and broadcasting instead. Mr Mallikarjun, deputy minister for parliamentary affairs and information and broadcasting would look after Parliamentary affairs, sports and works and housing. Mr Ashok Gehlot, presently deputy minister for Tourism and civil aviation was deputy minister for sports.

The following according to PTI, is the list of ministers of state and deputy ministers and their portfolios after today's reshuffle:

Ministers of State

Mr Z.R. Ansari--shipping and transport; Mr Bhagwat Jha Azad--food and civil supplies (independent charge); Mr H.K.L. Bhagat--information and broadcasting and Department of Parliamentary Affairs; Mr K.P. Singh Deo--defence; Mr Dharmayir--Labour and Rehabilitation; Mr V.N. Gadgil--communications (independent charge); Mrs Sheila Kaul--education and culture and social welfare (independent charge); Mr Khurshid Alam Khan--Tourism and Civil Aviation (independent charge); Mrs Mohsina Kidwal--health and family welfare; Mr Yogendra Makwana--agriculture; Mr Gargi Shankar Mishra--petroleum; Mr Shivraj V. Patil--science and technology, atomic energy, space, electronics

and ocean development; Mr A.A. Rahim--external affairs; Mr Harinath Mishra--rural development (independent charge); Mr Ram Niwas Mirdha--irrigation (independent charge); Mr R.C. Rath--chemicals and fertilizers; Mr Kalp Nath Rai--parliamentary affairs; Mr N.K.P. Salve--steel and mines (independent charge); Mr C. Jaffer Sharief--railways; Mr Dalbir Singh--coal; Mr P. Venkatasubbalah--home affairs.

#### Deputy Ministers

Mr Mohammed Usman Arif--works and housing; Miss Kumudben Joshi--health and family welfare; Mr Vijay N. Patil--communications; Mr Janardhana Peojary--finance; Mr Sanjeevi Rao--electronics; Mr P.A. Sangma--commerce; Mr Digvijay Singh--environment; Mr P.K. Thungon--education.

CSO: 4600/1548

PLANNING MINISTRY PANELS DISCUSS SEVENTH PLAN

New Delhi PATRIOT in English 7 Feb 84 p 4

[Text] Planning Minister S.B. Chavan on Monday said the seventh plan (1985-90) was being formulated on the basis of maximum self-reliance and well over 90 percent of the outlay would be met through domestic resources, reports UNI.

"The economy is in a sound state, he said scoffing at the talk of an economic crisis gripping the country."

Addressing the members of the consultative committees of Parliament for his Ministry, Mr Chavan said the economy had recorded significant progress in the last three years.

The average growth rate during the three 1980-81 to 1982-83 worked out to about five percent, close to the annual average of 5.2 percent visualised in the sixth plan (1980-85), he added.

Mr Chavran said the overall economic situation in the current year (1983-84) was much brighter than last year. This was mainly on account of good rains. The targeted production of 142 million tonnes of foodgrains was likely to be achieved.

Both internal resources and balance of payments positions were satisfactory. This was one of the reasons why it had been decided to forgo the last installment of the loan from the International Monetary Fund.

In the seventh plan more than 90 percent of the projected outlay is expected to be met from internal resources.

Planning Commission member Mohammed Fazal informed the committee that the revised target of coal production for 1984-85 had been kept at 152 million tonnes keeping in view the anticipated demand of about 156 million tonnes.

The committee was informed of the details of the new schemes for the educated unemployed youth. The educated unemployed youths in the age group of 18 to 35 years would be given composite loan assistance up to Rs 25,000 each.

Mr Khusro said the Planning Commission would have to consider the best way to monitor the use of funds for maintenance of assets in the seventh plan.

He stressed the need for technological upgradation of village skills. He said rural artisans should be provided with new tools, credit and marketing facilities to enable them to benefit from the advanced technology.

Another commission member Prof M.G.K. Menon, said the latest technological development must reach down to villages. The technology policy statement of the Prime Minister visualised such a movement.

Mr Nanje Gowda, Mr N. Dennis, Mr Amal Datta, Mr C.A. Patil, Mr G.R. Matto, Mr Shiva Chandra Jha, Mr Roshan Lal and Mr Indradeep Singh were among those present at the meeting.

CSO: 4600/1549

AASU MOVES TO UNITE STATE REGIONAL PARTIES

Calcutta THE STATESMAN in English 8 Feb 84 p 4

[Text] Gauhati, Feb. 7--The AASU, at an emergency meeting at Gauhati University, yesterday decided to take the initiative to unite all the regional parties of Assam. There are five regional parties in the State--the Purbancholio Lok Parishad, Assam Jatiyotabadi Dak, Plains Tribal Council, Karbi Arlong People's Conference and Ahom Janata. The AASU, however, will not merge with these parties.

Mr Prafulla Mahanta, President of the AASU, said in an interview it was decided to persuade those regional parties to unite and form one party as it was felt that such a party alone could help solve the State's problems. He said that no other political party in Assam was interested in solving the State's problems, particularly the foreigners' issue.

The AASU president said that the national parties were evidently irrelevant in Assam because of their dissociation from the people's movement. He said that the so-called Congress(I) Government in the State was not at all interested in solving the foreigners' issue, but was only creating confusion in the people's minds by issuing false statements.

Mr Mahanta claimed that the AASU was a nonpolitical students' organization and would keep away from the proposed regional party. He said that the AASU had earlier formed the Gana Sangram Parishad but had never become a part of it.

He stated that the AASU still maintained its stand that all foreigners in Assam should be identified first and if the Government promised to disperse the foreigners who had entered Assam between 1961 and 1971 then only the migrants who had come to the State before 1961 would be allowed to remain here on humanitarian grounds.

Regarding the Prime Minister's suggestion that the agitation leaders should hold talks with the Assam Chief Minister, Mr Mahanta explained that the issue of entry of foreigners was a Union subject and so this problem should only be discussed with the Centre. He felt that Mrs Gandhi was not interested in solving Assam's problem and was evading the issue.

He stated that the AASU was not responsible for last year's violence to Assam. It had asked for a judicial inquiry to determine who was responsible

for the violence. No move was, however, made by the authorities. The Freedom Fighters' Association of Assam decided to form an independent inquiry commission shortly with two retired judges of Gauhati "and Himachal Pradesh High Courts, to look into last year's violence.

Mr Mahanta claimed there was no dissension within the AASU. It had taken disciplinary action against some members. The State Government was trying to organize dissident elements in the AASU. It was spreading rumours that some AASU members had links with it. He stated that the AASU had nothing to do with the Congress(I).

He said the AASU would organize a satyagraha in Assam on February 13 and observe "Black Day" on February 14 to protect against the holding of the elections on that date last year.

The AASU's decision favouring a regional party was generally welcomed by political parties here. The Chief Minister, Mr Hiteshwar Saikia said that the AASU's outlook had changed. He said that the change in the AASU's stand was noticed when it invited some national parties to its last convention at Jorhat. The mood indicated that it no longer considered the national parties irrelevant in Assam.

Mr Uddhab Burman of the CPI(M) thought that the effort to form a regional party was a dress rehearsal for the next election. This move reflected the conflict within the AASU, he added.

CSO: 4600/1548

ANALYST DISCUSSES MAJOR TRENDS IN CPI-M

Calcutta THE STATESMAN in English 2 Feb 84 pp 1, 7

[Text] Three major trends have now emerged in the CPI (M). Although the views have not been ventilated yet through open party forums, they are being discussed informally in the party circle. The churning of ideas is gaining momentum in view of the approaching Lok Sabha elections. The CPI(M)'s central committee is meeting in New Delhi on Thursday. One of the topics of discussion there is the coming elections.

The first group, comprising mainly some senior leaders and educationists finds that the party has landed itself in an anomalous position by organizing Opposition conclaves with those parties who do not believe in an "anti-imperialist" struggle. Janata, the driving force behind the United Front, has never expressed itself in unequivocal terms on the need for such a struggle which should be the main plank of any Communist party. Nor is the UF partners' stand on divisive forces in Assam, Punjab and in northeastern States is close to that of the CPI(M). On the other hand, this group thinks, the central leaders of the party like Mr E.M.S. Namboodiripad and Mr Jyoti Basu have welcomed Mrs Gandhi's anti-imperialist role; they only want Mrs Gandhi to be "more anti-imperialist." The CPI(M) leadership is also close to Mrs Gandhi in her fight against divisive forces. In this context, the leaders of this group wonder how the CPI(M) can have an electoral alliance with those Opposition parties with which it differs on both international and national issues. How can the CPI(M) characterize the Congress(I) as "Enemy Number 1" when both, on domestic and international issues like Afghanistan, Vietnam and Kampuchea, it is in broad agreement with Mrs Gandhi?

The second and the largest is the official group whose leaders like Mr Namboodiripad and Mr Basu have taken pains to explain that although the party supports Mrs Gandhi's foreign policy it stiffly opposes its economic policy specially in relation to the devolution of powers to States. The Centre-State relations are the bone of contention and campaigns and demonstrations throughout the country have been organized to strengthen the hands of the State Governments. Among the Opposition parties, the National Democratic Alliance constituents, spearheaded by the BJP, cannot be accepted as allies because of the BJP's links with the RSS. Some sort of an alliance with the U.F. partners and some regional parties like the Telugu Desam in Andhra Pradesh or the National Conference in Kashmir is considered not only desirable but feasible.

Opposition leaders, including those of the CPI(M), have harped on this theme in their conclaves because all these parties consider the Congress(I) their main enemy. Differences over Afghanistan or Kampuchea, these CPI(M) leaders think, do not crop up in elections fought mainly on domestic issues. They have also some reserva regarding Mrs Gandhi's handling of the Punjab situation.

The third group is led by West Bengal's young CPI(M) leaders. There is a distinct generation gap between them and the elderly leaders. They feel that the central party leadership's main concern now is to get as many sets in Parliament and the State Assemblies as possible. There is no denying of the fact, they admit that when the undivided Communist Party split in 1964 the CPI(M) had unequivocally supported the political line of the Chinese Communist Party on international matters. Mr M. Basavapunnaiah, the party theoretician, serialized articles on this issue in the People's Democracy. In the central Burdwan plenum the party took the stand of equidistance from Moscow and Beijing. Since then, the party's "overenthusiasm" to establish fraternal relations with the Communist Party of the Soviet Union has brought it closer to Mrs Gandhi's foreign policy. This shows, they think, that the party lacks consistency in its understanding of the international situation.

The young leaders think that there was much relevance in the CPI(M)'s 1964 policy when it did not delve into the matter to find anti-imperialists among Congressmen as it had dubbed the Congress(I) a landlord-bourgeoisie party. Fraternal relations between the CPI(M) and the Communist Party of China have been possible the young leaders believe, because of the consistent policy pursued by Promode Dasgupta. They think that now the CPI leader, Mr Rajeswara Rao, is more anti-Mrs Gandhi than Mr Namboodiripad or Mr Basu.

CSO: 4600/1541

EFFORTS TO STRENGTHEN LATIN AMERICAN TIES

Madras THE HINDU in English 28 Jan 84 p 9

[Article by G.K. Reddy]

[Text] New Delhi, Jan.27. A new effort is being made by India to establish closer bilateral links with Latin American countries, instead of confining this relationship to cooperation within the nonaligned movement for promotion of the third world causes on the international cause.

The Government has requested the President, Mr Zail Singh, to pay State visits to Mexico, Venezuela and Argentina in April-May, if possible, to set the right tone for this diplomatic initiative to strengthen India's political and economic relations with Latin American States.

The details are being worked out and an official announcement will be made in due course. As Venezuela is due to go to the polls on February 3 to elect a new President, a formal announcement of Mr Zail Singh's tour of the three Latin American countries can be made only after this election.

But what is important is that apart from keeping up the continuity of India's close contacts with Mexico, which is often referred to as an India of the Western hemisphere, the timing of the President's visit to Latin America is intended to focus attention on the interest India is taking in Argentina following the country's return to democratic rule. Also, it is intended to dispel the wrong impression in the West, especially in the U.S. that India tends to look at Latin America largely through Cuban eyes.

The Falklands crisis in 1982 had placed India in a rather embarrassing position, compelling the country to steer a middle course between the Argentine and British positions. As a leading non-aligned country, India could not conceal its sympathy for Argentina despite the fact that the military junta had precipitated the crisis by invading the islands, while it did not want to offend Britain by criticising its overreaction to this deplorable development.

But now that Britain itself has welcomed Argentina's return to democracy and held out the hope of a negotiated settlement of the Falklands problem, India considers this as an appropriate time for establishing closer links with Argentina which is a prominent Latin American member of the non-aligned movement.

The President and Prime Minister have exchanged warm and friendly greetings with the new Argentinean President, Mr Raul Alfonsin, who is making a bold effort to put the country's armed forces under firm civilian control and liberalise the political system.

It is nearly 16 years since the Prime Minister made an extensive tour of Latin America in 1968, visiting Argentina, Brazil, Chile, Uruguay and Venezuela, but had to cancel the trip of Peru because of a coup there. She also visited Guyana and Trinidad and Tobago on that occasion.

As Prime Minister, Mrs Gandhi has not paid a visit to Mexico although she went there first with her father and later on some other occasion. She did go to Cancun in 1981 for the North-South summit, but it was not a bilateral visit to Mexico as such, though Mexico hosted this conference. The President is now going to Mexico since a return visit from the Indian side is overdue to the visits paid by the previous two Mexican Presidents. Once this formality has been completed from the Indian side, it should be possible for the new Mexican President, Mr Miguel De La Madrid, a dynamic figure in the region, to pay a visit.

**Parallel effort:** A parallel effort is being made by India to forge closer bonds with the emergent nations of the Caribbean, without getting involved in the politics of adjoining Central America and running into a conflict with Washington. After the recent Grenada episode, this whole area has become increasingly vulnerable to U.S. domination and even military intervention in the name of forestalling further Soviet involvement or Cuban subversion.

This vast area encompassing the Caribbean, Central America and South America, extending from Mexico through Brazil to Argentina, is potentially a wealthy region with rich natural resources, despite its chronic indebtedness through economic mismanagement. It is not possible to develop trade overnight with countries of this distant region that is half way round the world, but a better awareness of their mutuality of interests in establishing closer relations with India is sought to be created by the President's forthcoming visit.

**High calibre diplomats:** An interesting feature of Latin American diplomacy in Delhi has been the high calibre of its representation with many of the smaller embassies headed by outstanding diplomats who are highly respected even by their western critics for attempting to steer a different course. Dr Fernando Escalante, who has been in India since 1976, is a great scholar, who like his Mexican counterpart, Mrs Garciela De La Lama, has taken a keen interest in India's arts and culture, besides working for better understanding between the two countries and their peoples.

The Prime Minister, Mrs Gandhi, has maintained her close personal relationship with them since these two Ambassadors continued to keep in touch with her even when she was out of office, unlike the heads of bigger missions who avoided her at that time, since they did not want to earn the displeasure of the Janata government.

CSO: 4600/1530

PRESS REPORTS DEVELOPMENTS CONCERNING KASHMIR

Delhi Position Explained

Madras THE HINDU in English 27 Jan 84 p 1

[Article by G.K. Reddy: "J & K: Centre for Political Remedy"]

[Text] New Delhi, Jan. 26. After careful consideration, the Centre has decided not to take any action for the present on the memorandum submitted to the President by a group of Congress (I) leaders from Jammu and Kashmir, including two Union Deputy Ministers, urging intervention to save this sensitive border State from the "machinations" of the Chief Minister, Dr Farooq Abdullah, who has been accused of colluding with "antinational secessionist forces."

It was on the advice of the Governor, Mr B. K. Nehru, that the Prime Minister, Mrs Indira Gandhi, summoned Dr Abdullah to Delhi to confront him with these allegations and in the process admonish him indirectly for his defiant attitude towards the Centre.

The President had forwarded the Congress (I) memorandum to the Prime Minister in the normal course for such action as she deemed necessary in the prevailing situation. It was open to Mrs Gandhi to first send the memorandum to the Chief Minister for his comments, while reserving her right to take appropriate action in accordance with the established constitutional procedure for Central intervention in such cases.

She could have also referred the charges to a commission of enquiry, or even sought the advice of a judge of the Supreme Court, to ascertain whether there was any *prima facie* evidence of the alleged violations, before taking action without calling for the Chief Minister's explanation.

But for political reasons it has been decided to show greater forbearance by giving the Chief Minister a chance to avoid a confrontation with the Centre. Any precipitate Central intervention, it was felt, might give the pro-Pakistani elements in the Kashmir Valley an opportunity to create anti-Indian feelings in the Valley by resorting to violent activities and compelling the police to take stern action.

Complicated constitutional position: The constitutional position itself is so complicated that whatever the nature of Central intervention it would become a

subject of controversy because of the differing interpretations of it. The Jammu and Kashmir State has its own Constitution and Article 370 of the Indian Constitution limits the power of Parliament to make laws for this state to "those matters in the Union List and the Concurrent List which, in consultation with the Government of the State, are declared by the President to correspond to matters 'specified' in the instrument of Accession," meaning only foreign affairs, defence and communications.

But through a series of Presidential orders issued in 1950, 1954 and 1964 with the concurrence of the State Government, several Central laws have been extended to Jammu and Kashmir which include Article 356 empowering the Centre to impose President's rule in the State.

The Governor is entitled, under Section 92 of the Jammu and Kashmir Constitution, to impose his rule in the State subject to the President's concurrence, which means approval of the Central Government, but it restricts the duration to only six months which means that fresh elections will have to be held if it is not possible to form another Government within this time limit. There is no corresponding provision in the State Constitution which enables Parliament to exercise the powers of the local legislature during the period of Governor's rule.

**Governor's rule on three occasions:** The Governor's rule has been imposed in Jammu and Kashmir on three occasions in the past and each time fresh elections were held and a new government was formed within the proscribed six-month limit. The Assembly was dissolved and not kept in suspended animation any time as done in other states.

The extension of Article 356 to Jammu and Kashmir has certainly empowered the Centre to invoke this power to impose President's rule instead of placing the State under Governor's rule. But this has been qualified by the Constitution (application to Jammu and Kashmir) Third Amendment Order, 1964, which says that "References to provisions or provision of this Constitution shall; in relation to the state of Jammu and Kashmir, be construed as including references to provisions or provision of the Constitution of Jammu and Kashmir."

**Implicit obligation:** Dr Abdullah has been taking legal advice to interpret this reference to the State Constitution as an implicit obligation that if the Centre imposes President's rule by invoking Article 356 it should be in consonance with Section 92 of the State Constitution which restricts the duration to a maximum of six months and does not empower Parliament to enact laws on behalf of the State while the legislature is under suspension.

The legal experts at the Centre are disputing this interpretation maintaining that the qualification does not in any way restrict the President's right to keep the State under his rule much longer in exercise of his discretion.

**Issue complicated:** The issue has been further complicated by the fact that Article 356 as extended to Jammu and Kashmir in its original form empowered the President to keep any State under his rule for a maximum of three years with six-month extensions by Parliament.

The 42nd Amendment enacted in 1975 during the Emergency retained the three-year limit but in yearly installments instead of six months at a time. This amendment was extended to Jammu and Kashmir with the concurrence of the State Government, along with the other provision providing for a six-year term for both the Lok Sabha and Assemblies in States.

The 44th amendment, made in 1977 during Janata-rule, restricting President's rule to a maximum of only one year and that too in two installments of six months each, was not extended to Jammu and Kashmir for whatever reason.

It means that Article 356 as applicable to Jammu and Kashmir, in terms of the Presidential order of 1964 and the 42nd Amendment of 1975, empowers the President to keep this State under his rule up to three years in yearly installments. Unlike in other States where it cannot be extended beyond a year after the 44th Amendment. The argument that is being advanced by Dr Abdullah's legal advisers in that the initial imposition of President's rule in exercise of this discretion cannot be questioned in a court of law.

It is the political repercussions of Central intervention, not the legal implications, that are worrying Mrs Gandhi and her advisers in dealing with the difficult situation that has arisen in Jammu and Kashmir in the wake of the rift between the Congress (I) and the National Conference. The attempt, therefore, is to find a political remedy, if possible, without recourse to Constitutional action.

If the Chief Minister persists in his defiant attitude for whatever reason, then the Centre might intervene invoking Article 356.

#### Accusations by Chief Minister's Brother

Bombay THE TIMES OF INDIA in English 29 Jan 84 p 1

[Text] New Delhi, January 28.

Mr Tariq Abdullah today described his brother, Dr Farooq Abdullah, chief minister of Jammu and Kashmir, as a possible "security risk" in view of his alliance with "anti-Indian and pro-Pakistani" elements in the valley.

Reiterating his plea to the Centre to "halt immediately the dangerous trend" in Kashmir, Mr Abdullah stated that "powerful countries were ranged against "India" and that Pakistan may be acting as proxy for these powers."

Whatever the advice given by the governor of Jammu and Kashmir to the Centre, he said, it was for the Centre to take decision on the next move. If the "worsening situation" was not halted now, he cautioned, an irretrievable situation might be reached. He also endorsed the memorandum submitted by Mr Mohammed Arif Khan, minister of state for agriculture, and others to President Azil Singh last week.

Declaring that he had no axe to grind, no chair to seek, no brief to carry, that his only interest was the progress of the state and the nation and to

ensure that his illustrious "father's legacy was not destroyed so callously." Mr Abdullah accused his brother of joining hands with his father's enemies "for the sake of a few seats" and of "giving them respectability by his foolishness." "He has revived these forces and undone the work of our father and the national Conference just to remain in power," he said.

Mr. Abdullah pointedly asked how Maulvi Farooq and others, who had been his father's enemies for half a century, could be friends of the chief minister. In his view, they would wait for Dr Abdullah to make a mistake and capture power which had been denied to them for years.

These elements had become bold and were getting bolder and bolder and questioning Kashmir's accession with India. Maulvi Farooq, he said, was ambivalent about his nationality too.

Asked how the Janata Party and Maulvi Farooq had entered into an alliance in 1977 if the latter was "anti-national," Mr Abdullah replied that the "alliance was aimed mainly against the secular policies of Sheikh Abdullah. "That alliance does not make Maulvi Farooq pro-Indian. Even today, he refuses to say he is an Indian citizen," he observed. In view of this background, he wondered how Dr Abdullah could claim that he was bringing Maulvi Farooq into the "national mainstream."

"I am sure the Centre feels concerned over the alliance and the possibility of the chief minister of a sensitive border state being a security risk," Mr Abdullah stated.

Mr Abdullah said he had not come to New Delhi overnight to denounce his brother. "I warned him against the alliance with Maulvi Farooq. I warned him against participating in and hosting opposition conclaves. He has not listened to me. Now I have to inform the public of the grave danger that Dr Farooq poses to the political stability of a sensitive state. I had given a margin of one-and-a-half years for the teething troubles to end, but I see no hope of correction now."

Srinagar (UNI): The police have launched a campaign against pro-Pakistani elements and have arrested over 150 of them since midnight last night, according to reports received from various parts of the Kashmir valley.

Over half a dozen activists of the Jamiat-i-Islami, including Quari Saifuddin Kari and Ghulam Nabi Nowshari, were arrested in Sopore in Baramulla district late last night, the police reported today.

Some pro-Pakistani workers of the "People's League" have also been arrested in different parts of the valley, the report said.

The reason for their arrest was not known as yet.

PTI adds: According to official sources, those arrested also included activists belonging to Islami Jamiat-u-tulba and Mahazi-Azadi. However, the Awami Action Committee led by Mr Mirwaiz Maulvi Farooq was untouched as the police, assisted by state CID personnel, swing into action last night.

Steps by Farooq Abdullah

Madras THE HINDU in English 29 Jan 84 p 1

[Article by G. K. Reddy: "Extremists Nabbed in J&K"]

[Text] New Delhi, Jan. 28. Acting on instructions from the Centre, the Chief Minister of Jammu and Kashmir, Dr Farooq Abdullah, had ordered the arrest of some extremist elements in the valley who are alleged to have been indulging in seditious activities detrimental to the peace and tranquillity in this sensitive border State.

The local police accordingly took into custody last night 18 persons belonging to the Jamait-e-Islami, J and K People's League and Mahat-e-Azad which have been engaging in secessionist propaganda under the guise of resisting undue Indian dominance.

After securing a vote of confidence in the Assembly on the very first day of its current budget session, Dr Abdullah has readily acceded to this Central directive to avoid providing any justification for the Governor's intervention. He has also succeeded in dispelling the impression to some extent that he had been adopting a defiant attitude, imagining that the Centre would not take any precipitate action against him.

Real complaint: But Dr Abdullah will be making a great mistake if he imagines that the Centre would remain a silent spectator to what goes on in Kashmir if he did not adopt a conciliatory attitude. The real complaint against him is that, apart from making common cause at the national level with other parties that are totally opposed to Mrs Indira Gandhi's Government at the Centre, he has been aligning himself with Maulvi Farouq who continues to entertain strong reservations about the State's accession to the Indian Union, although he has not been openly advocating merger with Pakistan.

Caution against extremists' gang-up: The Centre continues to view the tricky political situation in Kashmir with its communal overtones against the background of more serious developments in Punjab where it might feel compelled to take sterner steps in the face of mounting violence. But the policy is to treat the two issues separately in their respective contexts without giving the extremists in both States an excuse to think in terms of a common campaign against the Centre.

The Prime Minister, Mrs Indira Gandhi, and her top advisers are watching the developments in Punjab with considerable concern in view of the renewed threats of greater violence. But in advising the Governor to deal firmly with this situation, the Centre is not over-reaching to the situation by giving up its policy of restraint and resorting to greater repression to crush the Akali agitation.

A comic touch: A comic touch to the otherwise said situation in Kashmir is being provided by the rift in the Abdullah family with not only the Chief Minister's brother-in-law, Mr G.M. Shah, but also his younger brother, Mr Tariq

Abdullah, out to dislodge him. Mr Tariq Abdullah who raised the banner of revolt against his brother a few days back arrived in Delhi today to intensify the campaign against him.

Addressing a press conference in his plush hotel suite, organised by his political mentors here, he asked the Centre to act "boldly and swiftly" in Kashmir before the situation became irretrievable. He accused his brother of encouraging Maulvi Farouq whom he described as the Bhindranwale of Kashmir, another Frankenstein's monster on the Indian scene as he put it.

#### Warning to Secessionists

Bombay THE TIMES OF INDIA in English 2 Feb 84 p 1

[Text] Jammu, February 1 (PTI). The Jammu and Kashmir chief minister, Dr Farooq Abdullah, said here today that his government would not permit any activity in the state aimed at weakening the country and its territorial integrity.

While he was opposed to placing any curbs on the functioning of any political party, those challenging the state's accession to India would be firmly dealt with, the chief minister said while replying to a three-day debate on the governor's address in the state assembly.

Justifying the recent arrests of Jamaat-i-Islami leaders in the Kashmir valley, the chief minister said that those arrested had challenged the state's accession and propagated ideas which endangered the country's integrity.

It was therefore necessary to take action against them, he said.

Dr Farooq said that it has been his constant endeavour to improve the state's relations with the Centre.

He added that he had wanted the Congress to forget the "bitterness" generated by the June 5 elections, but he regretted that this had not happened.

The chief minister said that this government was not opposed to the existence of any "national party."

The chief minister accused the Congress leaders of making frequent visits to New Delhi, with a view to creating misapprehensions about his government.

He also referred to the memorandum submitted recently to the President by a team of Congress leaders, including two Central ministers, and said their report to the President was aimed at toppling his government.

Refuting the allegation that his government was pro-secessionist or anti-national, the chief minister said that it was his party which had acted for the state's accession to India at a time when Pakistani intruders had entered Jammu and Kashmir in 1947.

Tariq Abdullah Press Conference

Bombay THE TIMES OF INDIA in English 2 Feb 84 p 1

[Text] Jammu, February 1: Mr Tariq Abdullah, younger son of the late Sheikh Abdullah, today urged National Conference supporters, including MLAs, to revolt against Dr Farooq Abdullah, his brother and chief minister, if the latter did not correct the "deviations" in his policies and programmes.

Mr Tariq Abdullah, who was addressing newsmen here, said there had been substantial erosion in the Sheikh's legacy by Dr. Farooq Abdullah. While the Sheikh was committed to socialism and was a patriot to the core, Dr Abdullah had forged alliance with anti-national elements. He foresaw the fall of the Farooq government.

Keeping in view the interest and security of the country, the Centre was constitutionally bound to act and dismiss the Farooq government, if the chief minister did not dissociate himself from the anti-national elements, he added.

Mr Tariq Abdullah hoped that wisdom would dawn on the chief minister and he would rectify his mistakes and safeguard the legacy of the Sheikh. It was not enough for the chief minister to arrest a few "fundamentalist," to prove his credentials. The arrested persons, he pointed out, were released the next day.

Present at the news conference were the former Sheikh's cabinet colleagues, Mr D.D. Thakur, Mr G.M. Shah and Mr G.N. Kochak.

Mr Tariq Abdullah said he was not bothered about allegations of his being on the payroll of Pakistan. He was nonpolitical and had no political aspirations.

Mr G.M. Shah announced that Mr Tariq Abdullah had been invited to speak at the delegates session of his party here on February 11 and 12.

CSO: 4600/1529

ANALYSTS COMMENT ON DEFENSE ESTABLISHMENT NEEDS

Review of Structure

Madras THE HINDU in English 6 Feb 84 p 1

[Article by G.K. Reddy]

[Text] New Delhi, Feb 5.

Once again the defence services are talking about the inadequacies of the present command structure for higher direction of war under current combat conditions. These call for a clearer concept of the country's military capabilities and geopolitical compulsion as well as any unfailing capacity to achieve the desired objectives with minimum losses through better utilisation of the available resources and operational coordination.

It is acknowledged that there is no universally applicable dispensation that can work effectively in all societies and in all situations, but what is being suggested is only a fresh look at the existing system in the light of the experience gained in different wars since Independence.

Plea for Review

In voicing dissatisfaction with the present decision-making processes and planning procedures in the higher defence organisation, the Services are not pressing for the creation of a new command superstructure to run the military establishments, but only pleading for a review of the intricate politico-military involvement and the role of various agencies in determining the nature of the country's responses in different situations.

The need for civilian supremacy in a democracy is not questioned, since it is in the responsibility of an elected government to take the necessary decisions in all matters including the country's defence. But the armed forces feel that this supremacy should be exercised by the civilian authority with adequate knowledge of the complexities of modern warfare.

The plea, therefore, is for some degree of expertise at the civilian level, backed by a proper command structure at the helm of the three Services, to provide for a more balanced and better qualified approach to defence problems.

It is pointed out that the country has had as many as 12 Defence Ministers and 14 Defence Secretaries in the last 35 years since Independence, with the result that none of them has had the time or opportunity to acquire a deeper understanding of the problems of defence services.

The recent upgradation of the rank structure in the three Services has, no doubt, helped to remove the congestion at middle levels and open up more opportunities for promotion. The increase of the retirement age limits at the higher levels has enabled the top commanders to have relatively longer tenures.

#### Frequent Changes

But the reduction of the tenures of the three Chiefs from four to three years has led to frequent changes, giving the incumbents not much chance to make any great impact on their respective Services. There have been as many as 12 Army Chiefs, nine Air Chiefs and eight Navy Chiefs since Independence with not many completing even their three-year tenures before retirement.

The point that is being stressed is that the vagaries of political appointments of Defence Ministers at the Cabinet level and the frequent changes of Defence Secretaries on generally extraneous considerations have deprived the defence services of the kind of civilian leadership needed for providing them with the necessary reassurances that the government is well aware of their problems. A well informed Defence Minister, ably assisted by a competent Defence Secretary, can function effectively as a sort of an umbilical link between the Cabinet and the three Services.

The present Defence Minister, Mr R. Venkataraman, has established a good working relationship with the three Service Chiefs, who respect him for his impartiality and readiness to accept sound advice. The present Defence Secretary, Mr S.M. Ghosh, too, has been getting along very well with the Services. But these personal equations have not helped to overcome the basic incompatibilities of the present system of civilian supremacy and accountability of the Services in the functioning of the higher command structure.

The mere creation of the post of a permanent chairman of the Joint Chiefs of Staff cannot by itself fill this gap, when the procedures for policy discussions at the politico-military level are not well defined in the absence of proper defence committee of the Cabinet. The omnibus Political Affairs Committee of the Cabinet looks after defence matters in addition to its other multifarious duties which leave the members with no time at all to listen to the expert advice of the Chiefs of the three Services in shaping higher defence policies that have a vital bearing on the country's foreign relations.

The Defence Minister presides over numerous committees dealing with operational plans, procurement and production of arms and administrative services, but all policy matters have to be decided at the level of the Political Affairs Committee on the basis of the advice he receives from the Services. It depends on the personal capability and political clout of the Defence Minister at a given moment to convince the Prime Minister and carry his Cabinet colleagues with him in taking important decisions.

## Ad Hocism

The high degree of ad hocism that has crept into these decision-making processes over the years has come in the way of an informed debate on and periodic review of defence policies at the higher levels of Government with the full participation of the Chiefs of the three Services. The demand now is for a proper institutionalisation of the procedures, giving enough scope for the assertion of expert opinion at different stages of policy-making within the government.

The civilian authority has to function more effectively before the Services can put forward suggestions for streamlining the command structure between the Army, Navy and the Air Force. And unless the Prime Minister herself takes a special interest, it is pointed out, it would not be possible to revamp the whole system by revising the outmoded procedures for higher direction that are quite out of tune with the requirements of modern warfare, especially in a vast and diverse country like India where there is no place for either khadi or khaki bonapartism.

## Neglect, Complacency Decried

Calcutta THE STATESMAN in English 7 Feb 84 p 8

[Commentary by S. N. Antia: "Defence Preparedness: A Decade of Neglect and Complacency"]

[Text] MRS Gandhi, in her dual capacity as Prime Minister and party chief has over the past few months made public statements on an impending threat to the nation. The warning so far has been couched in general terms. In Parliament and elsewhere, she has refused to take the Opposition parties into confidence. If, therefore, a national consensus on the overall security of the nation is not forthcoming, then the blame must rest with the Government and the ruling party. If the threat is of a military nature, it is the public's right to know all the relevant factors that constitute the threat and it is the Government's duty to inform the nation, within the limits of secrecy of classified information, how it proposes to meet the threat.

The massive rearmament undertaken by Pakistan does constitute a threat and it is proper that the Government has expressed its misgivings in world forums. But by harping on our anxiety day in and day out, we have tended to dilute the force of our protestations, besides creating an impression that, as a nation, we are not fully prepared for the situation created by the arms aid to Pakistan.

## THREATS

It is common knowledge that the likely military threats to our country can come from Pakistan or China, or both, with likely support from the USA and some Western and Muslim nations. It is in this context that we must review our military potential. Are we really ready to meet any such threat? I believe that the present nervousness is the result of wasted opportunities and neglect in the decade since the 1971 war. Perhaps the euphoria of victory in that war, a sense of overconfidence in the Simla Agreement, the shield provided by the Indo-Soviet Treaty of Friendship, as well as political and military miscalculations about Pakistan had lulled us into complacency.

Be that as it may, we have now ourselves embarked upon a rearmament programme of some magnitude to restore a semblance of military balance, if not military superiority, on the subcontinent. But the induction of armaments alone cannot achieve the purpose of our security posture. There are many vital gaps in our national security apparatus.

The current set-up does not strike an effective balance in strategic planning and decision-making processes. The role of the

heads of the three Defence Services in the higher direction of war is negligible, if not non-existent. With modern warfare becoming increasingly complex, involving as it does the entire gamut of national endeavour, a Chief of Defence Staff concept and a joint services organization, right down the line from Services H.Q. to lower combat formations, are absolutely essential for speedy coordination and action at all levels of command and control.

Not only is this necessary between the Government and the Services but also within the Services. A glaring flaw is the wide dispersal of both Army and Air Force tactical command and control centres, which does not improve air support and air defence capabilities. Similarly, a drastic reorganization of Army H.Q. with its bifurcated General Staff and functionally ill-grouped logistical organization, both of which are at complete variance with the organizational concepts of Command H.Q. and lower formations, needs to be undertaken.

For a credible security posture, the prime requisite is an up-to-date and effective intelligence system. Its continued absence, in spite of some cosmetic changes in the organization, is a matter of serious concern. The recent

reports of the massing of troops across our borders when, in reality, only routine military manoeuvres were being carried out, are one instance. The effects of such unsound assessments on our political and military decision-making are obvious. There is almost an intelligence "blind" regarding China and particularly the Tibet and Singkiang regions which are vital to our strategic considerations. There are also large gaps as far as Pakistan is concerned, particularly its nuclear programme. We do not have authentic information of the extent of aid Pakistan receives from China via the Karakoram highway or through other sources. RAW's inefficiency in external intelligence and the I.B.'s poor record in internal security highlight a yawning credibility gap.

The various intelligence agencies, including that of the Defence Services, are ridden with prejudices and petty jealousies. The organization needs to do more in modernizing its surveillance and acquiring capabilities embracing all fields. Effective methods of checking and cross-checking information and, most important, the ability to take sound decisions and courses of action are crucial. Three decades is too long a time not to have achieved some proficiency in this vital and sensitive area of our national security.

While there have been some improvements in the force structures in all the three Defence Services, those are not adequate for a genuine counter-offensive capability to achieve decisive results. One-third of the Army and a sizable part of the IAF are tied up for the defence of the eastern and north-eastern frontiers, and the Navy along the eastern seaboard. Their reinforcing capability in the western and northern frontiers is limited. It is not militarily prudent to switch mountain division formations to the plains due to lack of requisite mobility, anti tank resources and supporting artillery fire power. Likewise, the IAF and the Navy lack additional ground and shore facilities.

### FIRE POWER

A substantial increase in the force structure in the western and northern theatres of operations is therefore required for decisive results. While the mobility and fire power of infantry and armoured formations have improved, their full scope, except in the desert areas of Rajasthan, cannot be fully exploited in the

plains because of highly developed defensive systems which are predominant in the western theatre. In this context, the absence of an Army Aviation Corps is a serious lacuna. "Vertical envelopment" would not only ensure mobility, speed and surprise, but also make for economy of force and reduce casualties.

A decade of deliberate neglect, coupled with a sense of complacency, has now forced us hurriedly to embark upon a massive rearmament programme. The majority of the equipment, weapons and systems are replacements for outdated ones, considering the degree of modernization taking place across our borders. We have only marginally increased our weapon capabilities. New equipment and armaments take time to procure and the time taken for familiarization at the individual, unit and formation levels and their integration into tactical operational plans is even longer.

The armed forces' desire for new and sophisticated armaments is insatiable. The maxim that strategic and tactical plans should be formulated first and manpower and armament resources allocated thereafter in conformity with the former, has been brushed aside. In fact, we seem to be doing the opposite. The folly of this will dawn on us only during a conflict.

Another important aspect of newly acquired foreign armament is a continuous flow of spares to ensure serviceability, particularly during a war. This source, as past experience has shown, is liable to dry up, depending on the stance of the supplying countries during an armed conflict. Another problem we seem to have overlooked is the wide diversity of equipment and armaments from so many sources which makes the Armed Forces, inventory unmanageable and repair and maintenance difficult and time-consuming.

The Navy and the IAF's replacement and rearmament programmes have begun a decade too late though we were fully aware that modernization was even then necessary. In comparison with the Army, the operational deployment of new ships and aircraft takes a longer gestation period. It is unlikely that the Navy and the IAF will have their full complement of modern equipment before 1990, by which time it will be obsolescent. Finally, it is not the quality or quantum of armaments that will be decisive factor in war but inspired and resolute leadership.

## R & D

There are other areas in which our defence preparedness is inadequate. We have failed to make full use of our national resources and assets. The performance of the defence production organizations falls far short of requirements. Their production targets are way behind projected schedules and there is lack of coordination between the manufacturer, R & D and inspection organizations. Repair and maintenance still appear to lack adequate facilities and expertise. This is reflected in the major over-haul backlog of L60 engines which power the indigenously manufactured Vijyanta tanks. This represents depletion of nearly two armoured regiments' main battle equipment or scaling down of reserves to that extent.

It is because of these and many other factors that the Government has taken a belated decision to associate the private sector industries in augmenting defence production and other allied facilities. But it will take time for private industries to gear up fully for such an enterprise. Our electronic industrial base is still in its developing stage. The Army has no means for timely detection of concentration and deployment of opposing ground forces during a war: the IAF's early warning systems are inadequate: the Navy's maritime reconnaissance component is outmoded.

We still have many gaps to fill in our Naval and Air Force

design, manufacturing and armament programmes. HAL's performance even after more than 30 years is below par and the recent cut-back in aircraft assembly and production schedules has further retarded the Air Force's combat status. The R & D effort needs to be stepped up and fully integrated with the national R & D effort. It is high time the Defence R & D talked less about the elusive main battle tank and concentrated on the realities of modern and future pattern of warfare. Mere copying of equipment or translating engineering or scientific data and drawings has clouded its outlook, vision and pragmatic sense.

Our approach to field training, too, is half-hearted. While Pakistan has carried out three major "Jetstream" air force exercises and one or two large-scale exercises at army corps level in conjunction with its Air Force, we have yet to undertake any such manoeuvres at corps level since 1971. Our operational plans need to be tested on the ground, commanders at all levels must feel the impact of their leadership as well as test the combat readiness and responsiveness of the troops; our logistical and intercommunication systems must be tested in conjunction with civil resources to ensure the correctness of our plans and their efficient execution. Our civil defence capability in its present form is primitive.

It is time national defence planning and policies were given a new dimension in our thinking. But the prime need is to rectify the major deficiencies.

CSO: 4600/1545

CHENNA REDDY URGED TO HEAD NEW POLITICAL PARTY

Calcutta THE SUNDAY STATESMAN in English 29 Jan 84 p 12

[Article by S. Rajappa]

[Text]

HYDERABAD, Jan. 28.—Republic Day marked the birth in Cochin of yet another Congress. And indications are that this party might become an all-India organization in the coming months. Seeds for its Andhra Pradesh unit were sown at a conference of the followers of Mr Chenna Reddy, here, on Thursday.

In Tamil Nadu and Karnataka, Congressmen on the same wavelength are closing ranks. Mr Chenna Reddy has been in touch with Mr A. R. Antulay of Maharashtra and Mr Jagannath Mishra of Bihar.

The bond that ties these Congressmen together is their total loyalty to Mrs Gandhi, especially during 1977-78, when many others abandoned.

They now find themselves edged out by these deserters whose return to the party was preceded by Mrs Gandhi's electoral triumph in January 1980.

The Hyderabad convention of Mr Reddy's followers passed a resolution, which said: "We, coming from different parts of Andhra Pradesh with varied political backgrounds and credentials, having considered the present-day state of affairs in public life at the national as well as the State level, are of the opinion that the Congress (I), with its intrigues of self-perpetuation, groupism, supplication for favours and dissociation from long-term national interests and public welfare, cannot deliver the goods. Similarly, the Telugu Desam Government has exhibited its political bankruptcy and economic stagnation. We, therefore, feel that there is an urgent need for the emergence of a new political party with a national perspective, Gandhian philosophy and democratic values".

The resolution appealed to Mr Chenna Reddy, "the only dynamic

leader", "to form a new party and give a new orientation to the degenerated public life.

**BAD TO WORSE**

Mrs Roda Mistri, a Congress (I) member of the Rajya Sabha, who presided over the convention, said that during the past four years she had watched things go from bad to worse in the party and people were getting restless.

Mr Reddy played a crucial role in the formation of the Congress (I) in 1977-78 when the Congress, under the presidentship of Mr K. Brahmananda Reddy, was moving to expel Mrs Gandhi from the party.

Soon after, Mr Reddy led the fledgeling party to its first electoral victory in Andhra Pradesh against the formidable Mr J. Vengal Rao, who was in the other Congress.

After Devaraj Urs parted company with Mrs Gandhi, Andhra Pradesh was the only State to keep the Congress (I) flag flying.

**DISMISSAL**

While raising funds to keep the AICC (I) going, Mr Reddy might have committed some "excesses" but the reward he got for all his services was dismissal from the Chief Ministership—though he enjoyed the confidence of the legislature party—as soon as Mrs Gandhi became Prime Minister.

The decline and fall of the Congress (I) in Andhra Pradesh began with the ouster of the Reddy Ministry. And the irony of it is that the Congress (I) is trying to bring back Mr Vengal Rao, its main foe in the 1978 elections, to head its State unit.

Mr Reddy had earlier said he would not take any initiative to launch a new party as he was still a Congressman; but would abide by the wishes of his followers. The meeting of his followers made clear which direction they were moving in.

GANDHI TALKS WITH ARAB LEAGUE LEADER REPORTED

New Delhi PATRIOT in English 2 Feb 84 p 7

[Text] Prime Minister Gandhi has written to the leaders of Iran and Iraq calling on them to take steps to end their four year old conflict.

As leader of the Non Aligned Movement, which in its March summit last year, had chalked out special efforts to bring the two warring nations to a peaceful settlement, Mrs Gandhi's letters bring home the urgency for peace to end the suffering of the people of the two countries.

Mrs Gandhi discussed the Iran-Iraq war and the West Asian situation with Arab League secretary general Chedli Klibi who called on her on Tuesday. Mr Klibi also had discussions with President Zail Singh and Vice President M. Hidayatullah.

The Indian leaders and Mr Klibi reviewed especially the state of affairs in Lebanon and the continued intransigence of Israel. Mrs Gandhi apprised the Arab leader of the steps taken in recent months as part of the non aligned initiative to resolve the Palestinian issue.

Mr Klibi, who appreciated the role that India had played and the support that it had given to the Arab cause, urged Mrs Gandhi, as the Prime Minister of India and as chairperson of the Non Aligned Movement, to do something to resolve the Iran-Iraq conflict which was causing deep concern to the Arab world.

Mrs Gandhi hoped that a just and equitable solution to the problems of the region would be found to help restore peace.

In his discussions with President Zail Singh Mr Klibi said the need of the hour was to bring about unity in the Arab ranks, an official spokesman said later.

Mr Klibi briefed the President about the outcome of the recently concluded Islamic summit at Casablanca and said that another summit was scheduled to be held in Riyadh in March.

CSO: 4600/1540

PROBLEMS REPORTED IN TRADE UNION MEMBERSHIP VERIFICATION

Calcutta THE STATESMAN in English 2 Feb 84 p 9

[Text] New Delhi, Feb 1--Two communist unions, the All India Trade Union Congress and the Centre of Indian Trade Union are now forced to face the backlash of their decision to boycott the Government's verification of membership proceedings.

Their efforts to get the Government to reopen the issue, apparently after the discovery that unofficial figures put the membership of the Bharatiya Mazdoor Sangh next only to the Indian National Trade Union Congress, are unlikely to yield results.

The verification exercise, which has now gone beyond the preliminary stage, is being conducted on the basis of the procedure laid down by the Indian Labour Conference. The Government, even if it is willing, cannot effect any major change in the procedure. This could be done only after consulting the National Labour Conference.

The matter is reported to have been further complicated for the two Communist unions because some of their units are reported to have joined in the verification process by submitting their claims to the respective registrar of trade unions.

Meanwhile, the major trade unions--INTUC, BMS, Hind Mazdoor Sabha and United Trade Union Congress (Lenin-Sarani)--which had participated in the verification exercise and which claim a total strength of 80% of the all union membership, have agreed to a schedule of meetings with the Central Labour Commissioner for clarifying objections and raising counterclaims.

Representatives of the Trade Union Coordination Centre and United Trade Union Congress said that they would fix time with regard to the verification with the Chief Labour Commissioner after another meeting with the Labour Minister.

The two unions had submitted their claims earlier, but joined representatives of AITUC and CITU on Saturday to meet the Labour Minister to demand the adoption of a new procedure for verification.

It is understood that the objections among the participating unions are not insurmountable and it is possible that they might sort out the matter among themselves without the intervention of the Chief Labour Commissioner.

According to unofficial sources, the claims and verified membership of the major unions (including the ones that had not submitted them officially but in respect of whom the figures had been supplied by various registrars of trade unions), as on December 31, 1980, are as follows: INTUC--claimed 35,09,326, verified 18,86,440; BMS--claimed 18,79,728, verified 9,59,763; HMS--claimed 18,48,147, verified 4,51,167; AITUC--claimed 10,64,330, verified 3,44,746; CITU--claimed 10,33,432, verified 3,31,031; National Labour Organization--claimed 405,118, verified 238,017; UTUC (LS)--claimed more than 12 lakhs, verified, 1,17,031; UTUC--claimed 608,052, verified 35,384 and TUCC--claimed 272,229, verified 14,570.

CSO: 4600/1541

MANIPUR CHIEF MINISTER TELLS OF BORDER DANGERS

Madras THE HINDU in English 28 Jan 84 p 7

[Text] Imphal, Jan 27. The Manipur Government has instructed the Army, the BSF and other security forces now deployed along the Indo-Burmese border to be more alert following Burmese Army firing on Indian villages in the fertile Molcham valley.

The Burmese army is said to be in virtual control of the valley and the Manipur Chief Minister, Mr Rishang Keishing, told THE HINDU that his Government would not allow the six-sq-km. valley to be gobbled up by Burma and this had been conveyed to Rangoon and New Delhi.

Mr Keishing said Burma coveted the very fertile Molcham with a population of 500 and wanted to swap it for another valley called the Choro Khunnou, a barren hill tract. The valley would also be a shortcut between northern and southern Burma. In the late 1950's India gave away the 7,000 sq-km. Kabo valley to Burma saying it was malaria prone wasteland.

He admitted the Government had neglected the people of these border areas and said they would be upgraded into a subdivisional headquarters and a police station would be opened with a DSP in charge. He expected New Delhi and Rangoon to thrash out a solution to the problem soon.

Rewards scheme disappoints: The Manipur Government is disheartened that notwithstanding enhanced cash awards for surrendered weapons the response to the Homecoming Fortnight was lukewarm. Mr Keishing said only two Naga rebels had surrendered so far.

Since the Government now says that heinous crimes committed by the insurgents will not be forgotten even if they surrender, only those against whom there is no serious charge will come overground. Though the Government had promised that all charges would be withdrawn if the insurgents surrendered, at least two important leaders are now in jail.

Mr Keishing said that last week 100 Class III and Class IV posts were created for insurgents who had surrendered. There was five percent reservation of Class IV Government jobs for them. They could also be absorbed in the security forces, he said.

Rebel Nagas ready for talks: Mr Keishing denied that he had given Rs 10,000 to an emissary to carry a message from him to the rebel Nagas in the Burmese jungle. He, however, admitted that he had received a message from across the border that the rebels would come for talks if the Government of India invited them.

(A report quoting intelligence sources had said that Mr Keishing sent a well-known politician to the Burmese jungle, that the latter was received by the rebels somewhere in Burma and was introduced to 2,000 insurgents. The report also said that the emissary brought back a memorandum from Mr Mulva and Mr Isaac Swu, leaders of a pro-communist Naga rebel group offering to surrender soon, Mr Keishing took the memorandum to New Delhi.)

During his meeting with the Prime Minister, Mrs Indira Gandhi, he requested her to start negotiations with the insurgents notwithstanding the seemingly unacceptable preconditions. And the Government had been sending messages about a negotiated surrender not only to Nagas but to all the rebel groups of Manipur also, Mr Keishing said.

He was always ready to talk with the insurgents to convince them that they could not achieve their goal by violent means. He denied the rebel Nagas' charge that he was ordering fake encounters in order to give them a bad name.

CSO: 4600/1530

SECURITY ARRANGEMENTS IN JAMMU, KASHMIR TIGHTENED

Madras THE HINDU in English 9 Feb 84 p 1

[Text]

JAMMU, Feb. 8.

Security arrangements in Jammu and Kashmir have been tightened further and special anti-hijack squads have been posted at Srinagar, Jammu and Leh airports. This follows the recent announcements from the Pakistan Government-owned "Azad Kashmir radio" in Muzafarabad, the so called capital of Pakistan-occupied Kashmir, that the Kashmir Liberation Front had decided to intensify its activities to get Jammu and Kashmir liberated from Indian occupation".

These announcements were made after the kidnap and murder of R. H. Mhatre, India's Assistant Commissioner in Birmingham (U.K) on February 3 by the Kashmir Liberation Army, the militant wing of the Kashmir Liberation Front.

The Central and State intelligence agencies are now engaged in tracing all the pro-Pakistani elements who till recently were claiming to be members and

supporters of the Front. According to officials of the State and Central Government agencies, the kidnapping and killing of Mhatre led to mass arrests of almost all pro-Pakistani elements in different parts of the State who are said to have prepared fresh plans to intensify their sabotage and subversive activities in Kashmir, particularly in the border areas.

August blast: The pro-Islamabad elements suddenly active since August 15 last year, succeeded in planting a bomb in the well-guarded sports stadium in Srinagar. The bomb exploded while the Independence Day parade was being held, injuring eight people including two jawans of the Indian security forces and a teenaged school girl who lost her sight.

More bombs blew up in different places, but after the recent arrests of these Pakistani elements, no explosion took place in any part of the State.

CSO: 4600/1550

NEW CRISIS OF CONFIDENCE SEEN IN TIES WITH PAKISTAN

Madras THE HINDU in English 9 Feb 84 p 1

[Article by G.K. Reddy]

[Text] New Delhi, Feb. 8.

After a slight improvement, Indo-Pakistan relations are getting strained again in the wake of current developments, casting a shadow over the moves for normalisation.

As the investigators come across more evidence of the origins of the conspiracy to kidnap and kill the Indian diplomat, Mr R.H. Mhatre, the Government of India is inclined to take a very serious view of the overt and covert support the militants of the Kashmir Liberation Front continue to receive from Pakistan.

It has been established that the prime suspect, Hashim Qureshi, one of the close collaborators of Maqbool Butt, had been living in Peshawar all these years in a house allotted to them. He left for London on January 29 with travel documents issued by Pakistan and arrived in Birmingham a few days later where he had been identified by representatives of the Indian mission.

Both the British and Indian investigators believe that Qureshi had either personally participated in the kidnapping of Mr Mhatre or masterminded the plot to abduct him. Scotland Yard has assured India that he would be kept under close surveillance pending the completion of the investigation, to ensure that he does not escape from Britain.

If he is finally arrested and charged with complicity in the kidnapping or killing of Mr Mhatre in these circumstances, it would definitely lead to a serious setback in Indo-Pakistan relations. But the Government of India is not arriving at any abrupt conclusion about Qureshi's part in this tragic vent, until the British police complete the investigations.

The controversy over the mysterious disappearance and subsequent arrival in India of the two servants of the Counsellor of the Indian Embassy in Islamabad is no less murky, though mercifully it has not ended in a similar tragedy. The two servants, who have been badly treated with their employer and were wanting to return home, had developed a casual acquaintance with the security personnel of Pakistan stationed outside the house.

They were first encouraged to defect and kept in custody for three days, and finally helped to cross the border at some desolate place, when the Pakistan intelligence realised that these dim wits had no useful information to give or serve any subversive purpose. These facts have been clearly established by the Indian authorities who questioned them on their return to find out what happened, who encouraged them to run away and how they managed to cross the border that is well guarded from both sides.

The Government of India took a very serious view of the Pakistani attempt to first accuse India of arranging their escape and then alleging that two employees of Indian Airlines in Lahore had helped them to fly out illegally without proper travel documents. It was in this context that the Government decided to put off the visit of the Information and Broadcasting Minister, Mr H.K.L. Bhagat, to Pakistan.

The Government of India was left with no alternative except to expel two employees of the Pakistan International Airlines in retaliation. It did not want to make an issue of the servants controversy, but when Pakistan chose to exacerbate it by cancelling the visa of two Indian Airlines employees, India had to take similar action.

#### Serious Development

A more serious development that has further soured Indo-Pakistan relations is that, following the recent arrest of a dozen military officers in Lahore on a charge of plotting to topple the Zia regime, a whispering campaign has been unleashed accusing India of instigating this bid to stage a coup with the assistance of these disgruntled persons. The Pakistan press has carried reports insinuating that the "very agency which was responsible for the break-away of Bangladesh" was behind the latest attempt.

All these developments have created a new crisis of confidence in Indo-Pakistan relations, causing a serious setback to the recent moves for normalisation. The Foreign Secretary of Pakistan, Mr Niaz Naik, will no doubt be visiting Delhi at the end of this month for official level talks on South Asian economic cooperation, but it is highly unlikely that his exchanges with his Indian counterpart, Mr M.K. Rasgotra, will help to dispel these new animosities and misapprehensions.

It is not without significance that Mr Rajiv Gandhi, who should know his mother's mind, has been talking of a possible Pakistani bid to start a new war by attacking Kashmir at some vulnerable point. In cautioning the country about such a threat, the Prime Minister herself has not been referring to Pakistani intentions as such, but its capability to do so with the arms it is getting from the United States.

CSO: 4600/1550

FOREIGN HAND ALLEGED IN BRITISH-BASED KASHMIR GROUP

Calcutta THE STATESMAN in English 8 Feb 84 p 9

[Text] New Delhi, Feb. 7--It is hard to draw a line between the Kashmir Liberation Army of Britain and the Front which was formed in Pakistan in 1965 with the avowed purpose of infiltrating the valley. The Front in occupied Kashmir drew direct inspiration from the Pakistani government. It is equally well known that when the Liberation Army began its activities in London, it continued to enjoy covert Pakistani patronage.

Given the numerically limited number of Kashmiris--both from the Pakistani-occupied part and the State of Jammu and Kashmir as such--it is hard to imagine that by themselves they could have formed a Liberation Front or "Army" which has owned responsibility for the murder of the diplomat

The "Army" obviously is an off-shoot of the Front, its leader Mr Armanullah's protestations to the contrary notwithstanding.

Hardliners

The Front has, in the past, held demonstrations in London and other parts of the U.K., seeking the right of self-determination for the State as a whole. But its activities, apart from what it has been doing across the cease-fire line in Jammu and Kashmir, had in the main remained peaceful in London. Apparently, the hardliners within the group have gained ascendancy in London.

Mohammed Maqbool Butt, now in the death row at Tihar, has been one of the senior activists of the Front. Indeed, he was the brain behind the hijacking of an Indian Airlines plane in January 1971 from Srinagar to Lahore. The hijacking was done by two of his close associates, Hashim and Ashraf Qureshi.

The kidnappers had demanded the release of Maqbool Butt's associates. They include Abdul Hamid Butt, Riaz Ahmed, Hamid Dewani, Hashim Qureshi and Ashraf Qureshi.

Maqbool Butt

Maqbool Butt, who hails from the border district of Kupwara, has been charged with at least two murders and several cases of robbery.

He had escaped to Pakistan and was the man behind the death of an Indian intelligence officer some years ago when he led a group of infiltrators into Kashmir. He had escaped from Srinagar jail and was arrested on entering the State once again from Pakistan. He was eventually sentenced to death and shifted to Tihar's death row.

By killing Mr Mhatre, the hardliners in London have apparently tried to attract world attention to their "cause." Interestingly, the Liberation Front also sometimes called the Liberation League, has during the past four years become a little more assertive in the Valley.

Among those whom the so-called Liberation Army in Birmingham wanted to be released were some youths arrested in connexion with the demonstrations during the India-West Indies one-day cricket international in Srinagar.

CSO: 4600/1548

PRESS REPORTS REACTION TO MURDER OF DIPLOMAT

Tighter Security Planned

Madras THE HINDU in English 7 Feb 84 p 1

[Article by G.K. Reddy: "Protection Sought for All Indian Missions Against Terrorists"]

[Text] New Delhi, Feb. 6. The shocking news of the murder of the kidnapped Indian diplomat, Mr R.H. Mhatre, Assistant Commissioner in Birmingham, came as such a great shock to the Government of India that the very first thing the Prime Minister did, on hearing of this cowardly and brutal outrage, was to call an urgent meeting of the Political Affairs Committee to discuss the possible consequences of this tragic event.

The great dismay and indignation over the sad episode reflected the deep anxiety and concern in high Government circles here that other terrorist groups and misguided militants propagating many anti-Indian causes might feel encouraged to resort to similar acts of violence abroad in the mistaken belief of exerting undue pressure on the Government.

It is this aspect that was discussed at length this morning by Mrs Gandhi and her senior Cabinet colleagues, while considering how the Government should react to the latest outrage in Britain. This is the first time ever that an Indian diplomat has been kidnapped and killed since on previous occasions there were only attacks on Indian personnel abroad by extremists espousing different causes.

The Deputy High Commissioner in London, Mr Pushkar John, was authorised by the government to try and establish contact with the so-called Kashmir Liberation Army (KLA), which claimed to have kidnapped Mr Mhatre, to ascertain what exactly it wanted, before the Government could consider its terms. But he was not able to get in touch with it even through the president of the Kashmir Liberation Front (KLF), Mr Amanullah Khan, who had been spearheading in Britain the campaign for an independent Kashmir.

UK's Advice: Meanwhile, the British Government had asked India not to take any such step without prior consultation. The British Foreign Secretary, Sir Geoffrey Howe, had sent a personal message to the External Affairs Minister,

assuring him that everything possible was being done by the Scotland Yard and the local police in Birmingham to trace the culprits and secure Mr Mhatre's release.

The Government of India rushed a senior intelligence officer, Mr Gauri Shankar, to London to help coordinate the investigations by the British and Indian authorities, but Mr Mhatre was murdered by the kidnappers even before this office could arrive in Britain. The Indian side had no reason to believe that the British Home and Foreign offices were not doing their best to trace the missing Indian diplomat, when it was decided to accept the British advice not to attempt to negotiate separately or do anything else without proper coordination.

The charge that there was a communication gap between the Government of India and the KLA, if indeed it was the terrorist group that kidnapped Mr Mhatre, is being rebutted in official circles here, since the Indian High Commission in London was not able to establish any contact with it. The authorities in Delhi and London did not think that the kidnappers would act in such haste and kill Mr Mhatre, if their intention was to secure the release of Maqbool Butt and other Kashmiri terrorists.

No Crisis Management Team: The Government has taken steps to tighten security at all Indian diplomatic missions, trade agencies, and Air India offices, and the countries concerned have been asked to provide protection to Indian personnel against terrorism. But the tragic episode in Birmingham has highlighted the painful fact that the Government of India has no crisis management team to cope with such sudden developments requiring quick action.

As it so happened, the Prime Minister, the Home Minister, the External Affairs Minister and the Foreign Secretary were out of Delhi on Saturday, when the Government came to know of the kidnapping and that the so-called Kashmir Liberation Army was claiming responsibility for it. The Government could not have done anything immediately in this difficult situation other than asking the British police to take all possible steps to free him.

The absence of a proper crisis management group at a higher level fully geared to deal with such a situation was felt during the next 36 hours, before the kidnappers apparently panicked and killed Mr Mhatre fearing that they might be tracked down if he was left alive. The Government should be ready now to cope with further threats of this kind if and when such situations arise in the wake of the Birmingham episode, since it might embolden other extremists abroad to indulge in similar acts.

#### Meetings Assess Threat

Bombay THE TIMES OF INDIA in English 7 Feb 84 p 9

[Article by Subhash Chakravarti: "More Terrorists Acts Likely"]

[Text] New Delhi, February 6. Increasing reliance on terrorism by anti-national and secessionist forces both inside and outside Kashmir is expected by top officials dealing with national security.

The Prime Minister, Mrs Indira Gandhi, had two separate meetings with her cabinet colleagues and senior officials to evaluate the enormity of the threat soon after the news of Mr R.H. Mhatre's ghastly murder was received here from London. Mr Mhatre is the first Indian diplomat to have been kidnapped and killed by the terrorists.

Mrs Gandhi while recently discussing the Kashmir situation with the governor, Mr B.K. Nehru, and the chief minister, Dr Farooq Abdullah, had informed them that the secessionist forces were planning to take to sabotage and selective assassination to create a major political crisis.

Active encouragement, if not involvement, of foreign hands with anti-national forces is not ruled out. According to informed sources, the first assault on an Indian diplomat closely followed the visit of some known activists of Pakistan-aided Azad Kashmir to Britain. As early as in November, 1981, Mr Amanullah Khan, who described himself as the president of the Jammu & Kashmir Liberation Front, announced in Birmingham: "We may be at the beginning of armed struggle in Kashmir. We believe armed struggle is a very important factor in our struggle."

According to a senior foreign office official, pro-Pakistani Kashmiri elements operating from Britain claimed from time to time that there was more than one organisation working to achieve their goal. This is felt to be a deceptive ploy to escape the responsibility for the type of crime they have committed in murdering an innocent Indian diplomat.

Measures to counter the activities of the anti-national forces in Kashmir will now be pursued with greater vigour both at home and abroad, Indian diplomatic missions abroad have been placed on alert and advised to seek the assistance of local authorities to counter the activities of terrorists.

The Union government has already initiated closer vigilance on the internal developments in Kashmir. Measures taken by the state government to deal with the situation are not thought to be enough to root out the forces active in the valley to precipitate, perhaps, with foreign assistance, a major law and order problem.

It is quite likely that Dr Farooq Abdullah will be advised to extend rather more unfailing cooperation to the Centre to deal with the situation. In the Centre's reckoning only middle-cadre elements working for pro-Pakistani organisations have so far been arrested and much more needs to be done to fight the secessionists.

#### Possible Consequences Noted

Madras THE HINDU in English 8 Feb 84 p 1

[Article by G.K. Reddy: "Govt. To Get Tough With Terrorists"]

[Text] New Delhi, Feb 7. The ghastly murder of the kidnapped Indian diplomat, Mr R.H. Mhatre, in Birmingham by some fanatics of the so-called Kashmir

Liberation Front in Britain, is going to have far-reaching consequences, which could easily lead to a new crisis in the subcontinent, if Pakistan is bent on exploiting the grave situation created by this cowardly act that has horrified the entire Indian nation.

The Government of India has decided at the highest level to meet the threats of terrorists, secessionists and other subversive elements with an iron hand, whether in Kashmir, Punjab or elsewhere, to preserve the integrity of the country at all costs.

**No More Soft-Pedalling:** There will be no soft-pedalling in the future of any individuals or groups indulging in violence under whatever pretext, in the mistaken notion that they can intimidate or pressure the Government beyond the limits of its tolerance. The armed forces have been ordered to deal severely with the secessionist elements operating from either side of the line of actual control in Jammu and Kashmir, besides stepping up vigilance all along the Punjab border to prevent any intensification of internal movement in the current turmoil in the State.

**The First Step:** As a first step towards the tough stance, the President, Mr Zail Singh, has been advised by the Government to reject the long-pending mercy petition of Magbool Butt, the leader of the so-called Kashmir Liberation Front, who has been condemned to death twice. A special messenger from the Home Ministry flew to Calcutta last night to get the President's signature.

Though he had been given a double death sentence for the two murders he committed besides hijacking an IA aircraft and looting a bank during the 1960's and 70's, the Government of India had deliberately kept his mercy petition in abeyance all these years since it did not want to inflame passions in Kashmir by executing him. Now the die has been cast and the death sentence will probably be carried out shortly to demonstrate conclusively the Government's determination to fight terrorism.

**Contingency Plan:** Similarly, if the "Akali extremists resort to serious violence tomorrow," the Government will not hesitate to crack down on them in a big way by taking stern action. The authorities are ready with contingency plans to cordon off the Golden Temple area first and if the Government is left with no other choice, enter the holy premises to round up the armed extremists who have been misusing this hallowed sanctum to indulge in acts of violence.

The Prime Minister, Mrs Indira Gandhi, called the leaders of the Opposition for consultations to evolve an agreed approach to combating terrorism. The mood in Government circles is one of grim determination to face this challenge with all its internal and external repercussions.

**Report From Birmingham:** The senior Indian intelligence officer, Mr Gauri Shankar, who has been sent to London to assist the British police in tracking down the killers of Mr Mhatre, has sent a detailed report from Birmingham about the nature of involvement of the so-called Kashmir Liberation Army in

this criminal act. The Government has been shocked to hear that Hashim Quereshi, one of the accomplices of Maqbool Butt, who was involved in the hijacking of the IA plane to Lahore in 1971, has been in the Birmingham area on his way home.

The Indian officials are closely correlating and analyzing the sequence of events--starting off with Qureshi's arrival from Pakistan two weeks ago, the kidnapping of Mr Mhatre, the timing of the telephone calls to REUTERS and PTI in London spelling out the demands, the mediation offer of the president of the Kashmir Liberation Front in Britain, Amanullah Khan, and finally the statement of the Pakistan Embassy deplored the incident and disclaiming any knowledge of the existence of so-called Kashmir Liberation Army in Britain.

Though the Indian investigators are not jumping to any hasty conclusions, they are nevertheless taking full cognisance of the known fact that the so-called Kashmir Liberation Front had been set up in the early 60's to operate from either side of the ceasefire line with the avowed objective of stirring up trouble in the valley as a prelude to direct military action.

**Pak Encouragement:** It is not India's intention to accuse Pakistan of any direct complicity in the latest outrage in the absence of fuller evidence. But the fact remains that Pakistan has been encouraging and supporting the secessionist groups abroad which have been campaigning for Kashmir's separation from the Indian Union.

When Maqbool Butt, Hashim Qureshi and Ashraf Qureshi, the three known militants of the so-called Kashmir Liberation Front hijacked the Indian Fokker friendship in Lahore in 1971. Z. A. Bhutto lionised them and was present at the airport when they blew up the aircraft. When India suspended the Pakistan overflights in retaliation, the three hijackers were branded as Indian spies and sentenced to long terms of imprisonment, but they were later declared as freedom fighters and set free by the Supreme Court of Pakistan.

**PTI reports from London:** Mr V.A. Seyid Muhammed, High Commissioner to Britain, who was to have left for home on Sunday next at the end of his tenure, has been asked to stay on till the end of this month in view of Mr Mhatre's murder.

CSO: 4600/1547

RAO CONCERNED OVER MILITARIZATION OF OUTER SPACE

Calcutta THE STATESMAN in English 7 Feb 84 p 10

[Text] Vijayawada, Feb 6--The External Affairs Minister, Mr P.V. Narasimha Rao, today expressed concern that outer space was being sought to be militarized, reports UNI.

Delivering the T.V.S. Chelapathy Rao memorial lecture here, Mr Rao said that it was most disturbing that outer space was being made the field of conflict, in utter disregard of the fact that there was an international treaty pledging to use outer space exclusively for peaceful purposes.

He said that the very existence of nuclear weapons and the continuation of the arms race posed a threat to the survival of mankind, and added that nuclear weapons were neither weapons of war nor weapons of deterrence, nor should they be invested with the halo of a peacekeeping role.

Mr Rao said that India was totally opposed to nuclear weapons, and the country's programme was dedicated to the utilization of nuclear energy for peaceful purposes only.

He said that India had put forward several significant proposals with a view to stop the nuclear arms race.

The Minister said that last year India had proposed that there should be a freeze on nuclear weapons, providing for the stoppage of any further production of fissionable material for weapons purposes. These proposals had received support from people all over the world, he added.

He said India had played a constructive role in all multilateral treaties and agreements.

Mr Rao said that India had not signed the Treaty on the Nonproliferation of Nuclear Weapons (NPT), because it was unequal and discriminatory.

He said the country's approach towards any multilateral disarmament agreement stems from the basic consideration that only equal and nondiscriminatory treaties--even though they may be small steps in themselves--make for peace and relaxation of tension. Mr Rao said that peace movements and anti-nuclear-weapon campaigns in various countries represented the keen desire of common people everywhere that the mad arms race should be stopped.

INDIA STRUGGLING TO KEEP RANK IN WORLD BANK

Madras THE HINDU in English 9 Feb 84 p 1

[Article by R. Dhakrapani]

[Text]

WASHINGTON, Feb. 8.

A decision by the executive directors of the World Bank to authorise a selective capital increase of \$8.4 billions has been held up by objections raised principally by India about the proposed changes in the shareholding pattern and rankings of member States.

The executive board was to have decided upon the authorisation of the capital increase that would enhance the lending potential of the International Bank for Reconstruction and Development by \$1 billion at its last meeting but objections raised by India about its rank as a shareholder necessitated postponement of the meeting.

Each time there is a capital increase in the Bank, the shareholdings of member States are revised and this results in a readjustment of their ranks and voting strength. Under the changes proposed, Japan, the second largest industrial nation in the world, is to be assigned the second place next to the U.S. as agreed upon at an earlier meeting of the IDA donors. Japan is prepared to raise its share capital to accord with its new status.

The U.K. which held the No. 2 position has agreed to yield its place to Japan and take the fourth place. West Germany will continue to occupy the third position relative to its shareholding. Under the changes now discussed, China will take the sixth position. India will be relegated from the seventh place to the ninth

while Saudi Arabia and Canada will take the seventh and eighth places. Increased shareholding and higher ranking will allow a member State to have a bigger say in making policies for the Bank.

**Pre-empting right:** Under the articles of agreement of the Bank, it is open for a member to exercise its "pre-empting right" and ask for increased shares so that it could maintain its present rank and voting strength. India has exercised this right to maintain its present seventh rank and voting strength and is prepared to increase its share capital.

**Mischiefous reports:** While behind-the-scene informal consultations for a consensus are afoot to resolve India's case, a section of the Western press, the U.S. and British, have said that India was kicking up a row after learning that China will be assigned a bigger role in World Bank activities.

Indian official sources have expressed surprise at these reports and characterised them as "mischiefous" and assert there is no rivalry between India and China as regards the new allocations of shareholding and ranking. On the contrary, India is fully supportive of the move to assign the sixth position to China and points out that it only wants to retain its present position, namely seven, and is not competing for the sixth position. This has been made clear to the Chinese side which is appreciative of the Indian desire as a developing country to seek a wider role in the international financial institutions.

CSO: 4600/1550

PRESS REPORTS STEPS BY RESERVE BANK OF INDIA

Cash Reserve Ratio Raised

Bombay THE TIMES OF INDIA in English 28 Jan 84 pp 1, 9

[Text] Bombay, January 27. The Reserve Bank of India (RBI) has raised the cash reserve ratio (CRR) to be maintained by scheduled commercial banks from the present level of 8.5 percent to nine percent with effect from February 4. The incremental cash reserve ratio of ten percent is also being continued.

This will impound about Rs 300 crores of bank funds, and in turn bank credit, particularly to the commercial sector, will become scarce. Banks have already been told to deploy more funds to the priority sectors and in particular to the weaker sections of society under the "mass loaning programme."

Banking circles seem to have been surprised at the RBI decision. They were actually expecting that there might be an easing of credit curbs, since the demand for bank funds had started picking up, with the revival in some sectors of the economy.

Conveying the RBI's decision to the bankers, Dr C. Rangarajan, RBI deputy governor, explained that the decision was taken in the context of the recent developments underlined the 'immediate need' for further "immobilisation of excess liquidity."

The RBI seems to be concerned over the growth of primary liquidity, in absolute terms, in the current financial year so far. From April, 1983 up to early January this year, the growth has been almost twice as large as the increase during the full financial year 1982-83. Besides, the inflation rate has also been causing concern to the authorities.

The growth in bank deposits during the current financial year has proved to be stronger than envisaged earlier, and by the middle of January, the increase has been Rs 8,961 crores (17.6 percent) against Rs. 6,287 crores (14.3 percent) in the same period of the previous year.

The CRR rose from seven percent to 7.5 percent from May 28 last year, to eight percent from July 30, and further to 8.5 percent from August 27.

The RBI feels that banks have already undertaken a smooth adjustment to the implemental cash reserve ratio and also implemented the second phase of the inclusion of accrued interest in liabilities for the maintenance of reserve requirements. Also that the banks have been able to meet the seasonal increase in food procurement credit largely from their own resources without significant resort to refinance entitlement.

No doubt, banks were enjoying a fairly comfortable resources position in the past one year. But this was mainly due to the slack demand for bank funds, particularly from certain sectors of industry and trade. Banking circles feel that the RBI measure is likely to restrict their credit to the commercial sector. However, how far it will help in checking the inflationary spiral remains to be seen.

The RBI has emphasised that the measure has to be viewed as a part of the measures undertaken earlier in the current financial year to achieve an efficacious smoothening of liquidity and that the banks should have no difficulty in meeting the legitimate credit requirements in the busy season to support increased output, as well as the credit needs of the priority sector.

The RBI has told the banks that those having transient difficulty in meeting the enhanced CRR will be provided, on merits, discretionary refinance for short periods to enable them to undertake a smooth adjustment to the higher CRR.

#### Report on Currency and Finance Summarized

Bombay THE TIMES OF INDIA in English 28 Jan 84 p 9

[Text] Bombay, January 27. The Reserve Bank of India (RBI) has emphasised the need for strengthening the balance of payments position. In its "Report on currency and finance 1982-83," it points out that notwithstanding an improvement in 1982-83, the basic external payment situation continues to be difficult.

Reflecting the sizable external debt incurred in the recent years, the burden of debt servicing is expected to increase progressively. Net receipts on account of private transfers seem to have entered a declining phase, and prospects of external assistance also do not appear encouraging.

The report points out that it is in the merchandise trade that efforts will have to be mainly concentrated for strengthening the balance of payments. The improvement in the merchandise trade account, which showed a narrowing of the deficit, should be continued during 1983-84.

The report has emphasised that efforts towards export promotion should be continued with vigour to avail of the emerging recovery of the Western economy from the recessionary conditions. Alongside, import substitution should also continue to receive high priority. Since the country's dependence on imports of edible oil continues to be substantial, and imports of foodgrains still persist, it has stressed the need for ensuring adequate

growth in agriculture and bringing about sustained self-sufficiency in foodgrains.

The report points out that the Indian economy suffered a severe setback following a sizable decline in agricultural output and deceleration in industrial output through revival of demand. However, this anticipation of a beneficial impact on industrial output has not so far materialised. The report concludes that this suggests certain structural rigidities in the economy which need closer examination.

Prices is one area where continuous and careful watch needs to be kept, the report warns. This situation underlines the need for an integrated view of the various policies that affect the supplies, availability and pricing of these commodities.

CSO: 4600/1533

TEXT OF ORDINANCE ON PREVENTION OF PROPERTY DAMAGE

Calcutta THE STATESMAN in English 30 Jan 84 pp 1, 9

[Text] New Delhi, Jan. 29--In the light of growing lawlessness in Punjab, the Government has promulgated an Ordinance under which those persons damaging public property by fire or explosives could be sentenced to rigorous imprisonment from a minimum of one year to 10 years with a fine.

Titled the Prevention of Damage to Public Property Ordinance, 1984, the measure, signed late last night by the President, also provides for a jail term extending from six months to five years to people who damage public property, including power and oil installations, transport or telecommunications networks.

UNI adds: The Prevention of Damage to Public Property Ordinance, 1984, published in the Gazette of India Extraordinary, dated January 28, reads as follows:

"Whereas Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action. Now, therefore, in exercise of the powers conferred by Clause (1) of Article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:

1. This Ordinance may be called the Prevention of Damage to Public Property Ordinance, 1984; it extends to the whole of India except the State of Jammu and Kashmir; it shall come into force at once.

2. In this Ordinance, unless the context otherwise requires: "Mischief" shall have the same meaning as in Section 425 of the Indian Penal Code; "public property" means any property, whether immovable or movable (including any machinery) which is owned by, or in the possession of, or under the control of the Central Government, or any State Government, or any local authority, or any corporation established by or under, a Central, provincial or State Act, or any company as defined in Section 617 of the Companies Act, 1956, or any institution, concern or undertaking which the Central Government may, by notification in the official gazette, specify in this behalf.

"Provided that the Central Government shall not specify any institution, concern or undertaking under the sub-clause unless such institution, concern or

undertaking is financed wholly or substantially by funds provided directly or indirectly by the Central Government or by one or more State Governments.

3. Whoever commits mischief by doing any act in respect of any property being any building, installation or other property used in connexion with the production, distribution or supply of water, light, power or energy; any oil installations; any sewage works; any mine or factory; any means of public transportation of telecommunications, or any building, installation of other property used in connexion therewith shall be punished with rigorous imprisonment for a term which shall not be less than six months but which may be extended to five years and with fine.

Provided that the court may, for reasons to be recorded in its judgment, award a sentence of imprisonment for a term of less than six months.

4. Whoever commits an offence under Subsection (One) or Subsection (Two) or Section (Three) by fire or explosive substance shall be punished with rigorous imprisonment for a term which shall not be less than one year, but which may extend to 10 years and with fine.

"Provided that the court may, for special reasons to be recorded in its judgment award a sentence of imprisonment for a term of less than one year.

5. No person accused or convicted of an offence punishable under Section Three or Section Four shall, if in custody, be released on bail or on his own bond unless the prosecution has been given an opportunity to oppose the application for such release.

6. The provision of this Ordinance shall be in addition to and not in derogation of the provisions of any other law for the time being in force and nothing contained in the ordinance shall exempt any person from any proceedings (whether by way of investigation on or otherwise) which might, apart from this Ordinance, be instituted or taken against him."

CSO: 4600/1534

INDIA

PRESS REPORTS ASPECTS OF INDO-U.S. RELATIONS

Correspondent on Congressional Panel

Madras THE HINDU in English 8 Feb 84 p 9

[Article by R. Chakrapani]

[Text] Washington, Feb. 7.

Mr Howard B. Schaffer, Deputy Assistant Secretary of State, told a congressional committee yesterday that the recent increase in tension between India and Pakistan did not result from U.S. security relationship with Islamabad. This security relationship, he said, had been put into place "well before" the tensions increased.

"In any event, these tensions should not obscure the efforts made by both countries to better bilateral relations," he said.

Mr Schaffer, testifying before the House subcommittee on Asia and Pacific affairs (a subgroup of the House Foreign Affairs Committee), referred to some of the normalisation measures taken by the two countries in 1983, and said that the U.S. was continuing to encourage them to draw closer. "We will do whatever we realistically can to further the process of normalisation between these two valued friends."

Not Against India

Mr Schaffer said the Indian Government had at times expressed apprehension about the U.S. "defence supply relationship" with Pakistan and reiterated this relationship with Pakistan and reiterated this relationship was not aimed against India. "Despite some misinformed public speculation, the moderate number of weapons we are providing Pakistan will not upset the current balance of military power in the region, which heavily favours India," he said.

Major Gen Edward L. Tixier of the Defence Department said that the \$3.2 billions multiyear military assistance programme for Pakistan, in its third year now, was proceeding "smoothly and effectively." He said the initial installment of F-16 aircraft was operating in the Pakistan Air Force for over a year. Additional aircraft would be delivered to Islamabad "soon." But he did not indicate the number.

He defended the supply of Harpoon missile system to the Pakistan Navy, and when asked by the subcommittee chairman, Mr Stephen J. Solarz, democrat from New York, why Harpoons were supplied to Islamabad as Afghanistan did not have a Navy, replied that the sale of these missiles caused no "revolutionary change" in Pakistan's military system and said Pakistan already had Exocet missiles. The supply of Harpoons, which could be used also to hit land-based targets, "is part of our programme to help in the modernisation of Pakistan's military."

To a question on the Tamil situation in Sri Lanka and whether the proposed aid to Sri Lanka would result in easing the situation, Mr Schaffer said: "We were, of course, very concerned about the outbreak of violence. We have urged the Government and all else to bring about reconciliation between the Tamil and Sinhalese communities. We feel that is the only way to provide stability and we have been encouraged by the efforts of India to bring about such a reconciliation. There is now a likelihood of an all-party conference."

In his initial statement, Mr Schaffer indicated the levels of assistance to be provided by the U.S. during the 1985 fiscal year for India, Pakistan, Bangladesh, Nepal, Sri Lanka and Bhutan.

According to these figures, India will receive \$87 millions (Rs 87 crores) in development assistance, \$125 millions (Rs 125 crores) PL 480, title II to provide food assistance to people below the poverty line, and \$300,000 (about Rs. 30 lakhs) under the International Military Education and Training Programme. The economic assistance programme will cover such schemes, as irrigation, agricultural research, forestry, family planning, health and nutrition.

Pakistan will get the largest assistance, as always, in 1985 also. The total of \$630 millions will be made up of \$325 millions for the implementation of the multi-year programme the bulk of which is to be used for the further supply of the sophisticated F-16 jet bombers and the balance in economic assistance.

Other allocations, largely for economic assistance, are: Sri Lanka (\$73.8 millions), Bangladesh (\$180.1 millions), Nepal (\$16.2 millions), and Bhutan \$605,000).

#### Strong and Stable

In his justification of U.S. bilateral economic assistance to India, Mr Schaffer said India, "the largest and most powerful nation in South Asia," played a pivotal role in the region and as the chairman of the nonaligned movement was expected to play an enhanced role in international affairs. Despite recurring communal and regional tensions, he said, India remained fundamentally strong and stable and "can draw upon the strength of well-entrenched democratic institutions. U.S. interests are well served by India remaining stable and united, as we are confident it will."

He reviewed Indo-U.S. relations and said they were marked by high level visits in both directions and by the heightened activities of the Indo-U.S. joint commission. The centerpiece of the effort was the proposed \$110 millions

(Rs. 110 crores) binational endowment from U.S. held excess rupees in India to fund valuable joint study and exchange programmes for the next two decades.

As regards Pakistan, there was effusive praise for its "courageous and principled" opposition to Moscow's "brutal efforts to subjugate the Afghan people." Without Pakistan's leadership, said Mr. Schaffer, "Afghanistan would have faded from the world's agenda, a forgotten victim of Soviet expansionism."

In a mild reference to the absence of human and civil rights in Pakistan he expressed the hope that the Government and people of Pakistan would be able to manage the transition to more representative institutions peacefully and equitably. He described the popular agitation in Sind for restoration of democracy, as "recent disturbances in one part of Pakistan" and said the U.S. was "encouraged" by President Zia's August 12 announcement to move towards a "more representative form of Government."

Questions were raised by the subcommittee members, most of them by Mr Solarz, seeking to know the reason why a large part of development assistance to India and Sri Lanka was treated as loan while in other cases such as Pakistan and Bangladesh, most of it was treated as free grants. In his reply, Mr Charles W. Greenleaf, Assistant Administrator of Agency for International Development, said that this was partly due to paucity of grant funds. While conceding that a larger number of people lived in absolute poverty conditions in India the second most populated nation, he said the per capita income and lack of infrastructures in Bangladesh were among the reasons why the development assistance was treated as grant.

In a discussion on U.S. attitude to multilateral loans, it was stated that the U.S. would not object to "limited" amount of loans to India from the Asian Development Bank.

#### Commerce Ministry on U.S. Trade

Calcutta THE STATESMAN in English 9 Feb 84 p 9

[Text] New Delhi, Feb 8--The USA regained in 1983 its position as India's single largest trading partner that it lost to Russia a few years ago but it is unlikely that it will retain this for more than another two years.

According to the figures announced by the Commerce Ministry today, the two-way turnover reached \$4 billion (roughly Rs 4,400 crores), is due to the export of about five million tons of Bombay High crude.

India lacks the refining capacity to process Bombay High crude because its special features and so is forced to export large quantities to enable imports of equivalent amounts of crude and refined products.

The main market for the exportable surplus of Bombay High crude is the USA and hence the surge in the two-way turnover in the past couple of years, but this may not last long simply because sufficient refining capacity will be

established in the next two years to enable the processing of all the Bombay High crude that can be produced, after that, Indo-U.S. trade is likely to slump.

The Commerce Ministry said today that in 1983, India's exports to the USA reached a record level of \$2.9 billion. Imports from the USA have been contained at \$1.82 billion, resulting in a balance of trade of \$370 million in favour of India.

This is said to be the first time after 1978 that India has had a favourable balance of trade with the USA. In 1978-79, India had a nominal favourable balance of Rs 10 crores; otherwise, India has had a consistent adverse balance of trade.

In 1982, the two-way trade turnover was recorded at \$2.98 billion out of which exports to the USA were worth \$1.4 million and imports from it \$1.58 billion.

#### Effects of U.S. Budget

New Delhi PATRIOT in English 9 Feb 84 p 4

[Article by Girish Mishra: "U.S. Budget and India"]

[Text] **R**onald Reagan's budget for the fiscal year 1985 (October 1984—September 1985) has implications of a far-reaching nature not only for the economy of the US and those of its Western allies but for developing countries as well. Many of the developing countries may find it difficult to sustain even the meagre growth rates they have been recording since the 1970s and there may be further pressures on their foreign and domestic policies.

The most notable and, also, the most disturbing aspect of the budget is the massive hike in US military spending. Out of the total expenditure of \$926 billion dollars, \$305 billion dollars are allocated to military and armaments, that is, almost one-third of the budget expenditure will be accounted for by the department specialising in mass destruction. Compared to the last year's allocation, this records a 13 per cent increase in real terms to support the massive rearmament programme. The US news agency UPI has reported: "The proposed military spending would make it the largest defence budget since World War II, surpassing even the peak of the Korean or

Vietnam wars, if measured in constant dollars."

This money will be used for building new bases, modernising old ones and bringing into existence more deadly weapons of destruction. The arms race will be taken to space and, if possible, to other planets. Nonaligned developing countries like India will be surrounded by more modern nuclear bases like Diego Garcia, and US rapid deployment force will be inducted into the Indian Ocean region and US surveillance devices will be installed in our neighbourhood. All this will put pressure on India's economy and the Government which, in order to defend the territorial integrity and political freedom of the country, will have to divert greater and greater resources to strengthening national defence. This will mean curtailment of the availability of resources for economic development and social welfare.

If the rate of growth of the Indian economy does not pick up the standard of living of the people may deteriorate and more people may be pushed below the poverty line. Unemployment situation may further worsen in view of the lack of new

employment opportunities. The Government may be forced to impose further fiscal burdens on the common man. The implications for the existing polity and economy of the country may be easily guessed.

How paradoxical does Reagan seems when he says that, by his policies, he has "laid the foundation for a lasting peace!" In fact, he has brought the world to the precipice, beyond which there will really be "The lasting peace" of the dead.

The US budget, if it is accepted by Congress and, there is no reason why it should not be, will result in the curtailment of official development assistance to India and some other countries. Israel, Egypt, the Central American governments which are ready to act at the behest of the US administration, Turkey, Pakistan, Greece and Spain, all have been rewarded with American military and economic aid.

Countries like India will suffer in many ways. First, the US has chosen to paralyse all the international agencies which have been advancing concessional loans. The IDA is already hastening towards virtual collapse. The US has been very niggardly towards IDA-VII. The IMF is

facing a crisis following US refusal to make its expected contributions and the Asian Development Bank, as a result of US pressure, has almost closed the doors to India.

Second, the US administration has been following a policy of reducing its official development assistance to India and other countries which have been refusing to follow the line suggested by it. This is evident from the budget proposals transmitted by Reagan to US Congress.

Third, by working up a war hysteria and adopting an aggressive plan to threaten the security of the Soviet Union and other socialist countries, Reagan is forcing them to increase their defence spending which will surely reduce the aid flows to countries like India from the socialist world. Thus, by implications, the aggressive designs against the Soviet Union and other socialist countries are also directed against India's economic interests. All these will result in a reduction in aid-flows to India.

On the other hand, India will have to find more foreign exchange resources to repay its debts and discharge its debt service obligations. In view of the massive deficits in the US budget and trade balance, India will have to find ways to earn foreign exchange resources which will be very difficult. The US budget for fiscal 1985 shows a deficit of 180 billion dollars and, according to projections available, fiscal 1986 and fiscal 1987 will also have the same level of budgetary deficit. Though, as compared to last year's deficit of 195 billion dollars, this year's proposed deficit is lower, still it is massive and it becomes frightening—viewed against the fact that it will not decline in the years to come.

The high level of budgetary deficit continues because of the unpre-

cedented hike in military expenditure and the refusal to tax the US corporate sector to raise resources to bridge the gap. There is no guarantee that the deficit will not increase in the years to come when the US administration hopes to realize its expectation of "building a proper deterrent capability" to stop the growing influence of the Soviet Union. Projections show that the extent of budgetary deficit will continue to be more than four per cent of the national income.

The continuing massive budgetary deficit has sent the interest rate in the money market soaring. With the high interest rates ruling in the international money market, the costs of commercial borrowings from private lenders have gone up substantially. This imposes a bigger burden of debt servicing on developing countries. Even though India, till now, has avoided going to commercial lenders in any big way, whatever commercial borrowings it has made have been pinching it. In his economic report to the US Congress, Reagan has turned down the plea to bring down interest rates. He is not in favour of bringing down the value of dollar by intervening in the international money market. Sticking to the prescription given by Friedman, he refuses to expand the money supply to bring down the interest rates, because he thinks that increased money supply will push up the rate of inflation.

This increased value of the dollar has resulted in hardship to countries like India. During January-December 1983, the exchange value of the dollar rose by 11.5 per cent in trade weighted terms. This has increased the difficulties of developing countries in the repayment of debts and the discharge of service obligations. According to a reliable study, during 1979-82 the poor de-

veloping countries borrowed around 137 billion dollars from multinational banks and the entire loan was in terms of dollars, so the repayment will have to be in the same currency. If these countries had borrowed in terms of the same mix of currencies which dominated their trade, the quantum of repayment would have been 30 per cent lower.

Because of the increased exchange value of the dollar, the cost of imported goods has gone up, while, on the other hand, the export earnings are sluggish. The main reason for the slow increase in export earnings is the delayed and feeble rate of recovery witnessed in other advanced capitalist countries. Since the US is facing a big trade deficit, there is not much chance of protectionist policies being relaxed.

According to Malcolm Baldrige, the US Commerce Secretary, the trade deficit in 1983 was a record 69.4 billion and during the fiscal 1984, it may reach 100 billion dollars. In this context, it may be recalled that the deficit was only 42.7 billion dollars in 1982. One of the main factors responsible for growing US trade deficit is the increased exchange value of the dollar which makes US exports costlier. Because of the growing trade deficit, the US administration will be pursuing protectionist policies more dogmatically and this will hurt countries like India, who need foreign exchange resources to meet the increasing import bill and discharge debt obligations.

According to US calculations, these countries have only option, and, that is, bending on their knees like Pakistan, Turkey, Egypt, El Salvador, etc. Thus grim battles are ahead for countries like India.

REPORT ON MEETING OF INDO-FRENCH JOINT BUSINESS PANEL

Madras THE HINDU in English 31 Jan 84 p 9

[Text] New Delhi, Jan 30. The Indo-French Joint Business Council, at its meeting here today set a trade turnover target of \$1 billion over the next five years, over the present \$400 millions.

Leaders of both the Indian and French teams on the JBC expressed confidence at a press conference later that this ambitious target would be achieved if there was coordinated bilateral action.

The prospects of large-scale industrial collaborations, involving French technology and investment were also held out by the JBC meeting, particularly in over a dozen selected areas.

More than 100 representatives from both the countries participated at the meeting. The Indian delegation was led by Mr Harish Mahindra, Chairman, Indian section of Indo-French Joint Business Council of FICCI and the French delegation by Mr Roger Chalvon-Demersey, Chairman, Franco-Committee of the Conseil National du Patronat Francais, Paris.

The meeting noted a distinct improvement in the international economic situation and the fairly rapid strides made by Indian economy.

The trade balance had been adverse to India for the last five years. A review of current trends in Indo-French trade brought out the scope for enlarging the volume and diversifying the pattern of trade.

The new items of exports from India to France could include furniture, fishing equipment, construction material, electric motors, electric cables, computer software, automobile ancillaries, marbles, art product and rock salt. From France to India, the items include laboratory, containerised bakery automation, telecommunication, measurement control, and civil engineering equipment.

As regards industrial collaboration, the liberalisation in the Indian economic policy was noted. The areas identified for collaboration included electronics, and components, oil refining equipment, telecommunications, audio magnetic tapes, material handling and conveying equipment and food processing.

Talking to pressmen, representatives of the French delegation noted that industrial collaboration could be stepped up if some of the constraints were removed. Export should not be allowed to markets where the foreign collaborator already had licensing arrangement for selling his product. This deterred the French entrepreneur from collaborating with Indian parties for joint ventures.

Mr Mahindra said the French representatives were told that the administrative procedures had been streamlined and the position had improved of late.

CSO: 4600/1537

INDIA, OMAN DECIDE TO UNDERTAKE JOINT PROJECTS

New Delhi PATRIOT in English 10 Feb 84 p 1

[Text] India and Oman have decided to undertake joint industrial ventures and expand bilateral trade. The details of areas in which joint ventures will be undertaken are to be worked out.

The decision to expand bilateral, economic and cultural relations were taken during talks that visiting Oman Foreign Minister Yusuf Al-Alawi had with Prime Minister Indira Gandhi, External Affairs Minister P.V. Narasimha Rao and others.

India and Oman have a 'special' relationship. Apart from the fact that nearly 1.5 lakh Indian workers, doctors and teachers are employed in Oman, the West Asian country has been active in the Non-Aligned Movement and other international forums.

Mr Al-Alawi briefed Mrs Gandhi and Mr Rao on the latest situation in West Asia. The leaders expressed grave concern at the situation which they described as 'explosive,' and the Iran-Iraq war which was continuing into its fourth year.

India and Oman called for urgent steps to defuse tension in this region as it could effect peace and stability in other parts of the world. Efforts should continue to arrive at political solutions to the issues, the two countries stressed.

Mr Al-Alawi spoke of the desire of the Sultanate of Oman to further strengthen its economic and political relationship with India. India was Oman's ninth largest trading partner and his Government was taken to see that trade with this country improved at a more rapid rate. Oman, in turn, exports dates to India, and the possibilities of expanding this trade were also discussed.

Mr Al-Alawi was feted at a dinner hosted in his honour by Mr Rao. At the dinner, Mr Al-Alawi said the relations between the two countries which dated back to history. Earlier, Mr Rao spoke of India's long and historic association with Oman and said, "our contacts with Oman predate those with any other nation to our West."

CSO: 4600/1551

INDIA

INDIA ASKS PRC FOR RECIPROCITY IN TRADE

Bombay THE TIMES OF INDIA in English 2 Feb 84 p 5

[Text] New Delhi, February 1 (UNI)--India has urged China to reciprocate and extend the "most favoured nation" treatment to imports from this country.

This would help in overcoming the higher Chinese tariff rates and provide an impetus for enlarging bilateral trade between the two countries.

India, on its part, has been extending the MFN treatment to imports from China.

India has also suggested to the Chinese authorities that the two countries enter into an understanding about sharing of cargo which third country flags were presently taking advantage of, official sources said.

The sources said there was tremendous scope for increasing bilateral trade with China. From Rs 2.5 crores in 1977-78, when trade between the two countries was resumed, it had now reached the level of Rs 100 crores.

India recently finalised orders for export in China of nine million sq ft of sheet glass, 40,000 tonnes of chrome ore and 30,000 tonnes of iron ore.

It has stressed that efforts be made to rectify the adverse trade balance with China by encouraging exports of value-added items and outlined the country's capabilities in transport, railway and mining equipment, ball heatings, wire-ropes, railway wagons, buses and thermal power plants.

China has expressed its desire to enter into long-term arrangements for import of iron ore for their moshan steel plant which was likely to go into production by mid 1985.

Besides, the Chinese were also in the process of modernising about 3,000 industries which could open up new avenues for export of engineering goods to this country.

They also showed interest in importing tanning equipment and technology and light building materials for high rise buildings.

CSO: 4600/1553

INDIA

AIR FORCE TO EVALUATE MIG-29 FOR POSSIBLE PURCHASE

New Delhi PATRIOT in English 3 Feb 84 p 1

[Text] An Indian Air Force team of test pilots will shortly visit the Soviet Union to evaluate the new MiG-29 fighter aircraft that has been offered to India, reports UNI.

The MiG-29 is claimed to be "vastly superior" to the American F-16 which Pakistan has acquired.

It is learnt that the MiG-29 swept-wing twin-engined fighter will be made available to India "in sizable numbers" by the end of 1984.

MiG-29, which is the latest in the Soviet military aircraft inventory is to become operational with the Soviet Air Force in a few weeks.

If the Indian Government decides to buy it then India would be the first country outside the Soviet Union to have this futuristic aircraft. No Warsaw Pact country is likely to acquire the aircraft this year.

The initial offer of MiG-29 was made some time ago when Soviet Aircraft Industry Minister Silaev, visited India and held discussions with officials of the Defence Ministry.

The Soviets claim that MiG-29 has a better thrust-to-weight ratio than the F-16 and has improved fire control radar and superior rate-of-turn.

MiG-29 is NATO code-named Fulcrum. The aircraft is believed to be 15.5 metres long, with 35 metre swept wings, and a gross weight of 16.5 tonnes.

MiG-29 has a maximum speed of mach 2.3 and a combat radius of 360 nautical miles.

Armed with four air-to-air missiles, the aircraft has large fixed geometry wings with highly swept leading-edge extensions and twin vertical fins.

CSO: 4600/1541

LONGOWAL DENIES STATEMENTS ATTRIBUED BY STATESMAN

STATESMAN Report

Calcutta THE STATESMAN in English 2 Feb 84 pp 1, 9

[Text] Amritsar, Feb 1. The Akali Dal president, Sant Harchand Singh Longowal, today admitted his "fundamental" differences with Sant Jarnail Singh Bhindranwale on policy matters, particularly the mode the present party agitation should take, reports PTI. For the first time, he disclosed that Sant Bhindranwale had suggested the use of motorcycle squads, on a mass scale, for killing people of a particular community.

But the Akali Dal chief asserted he was firmly committed to harmony and peace and did not approve of the line of action suggested by Sant Bhindranwale and other hardliners as it ran counter to the canons of the Sikh religion. Their scriptures did not provide for the killing of persons, he said.

Sant Longowal today took to task party hardliners for flouting a majority decision and launching a campaign of vilification against him for "toeing a soft line."

Commenting on the decision of a section of Sikh intellectuals at Chandigarh urging him to involve Sant Bhindranwale in the formulation of a fresh plan of agitation. Sant Longowal said he had announced the new programme after consulting intellectuals, the party rank and file and at least 60 sants representing various shades of opinion in the Sikh community.

Barring Sant Bhindranwale, he said, all of them had endorsed the decision and expressed their faith in his leadership.

Sant Bhindranwale today appeared to deprecate the "soft line" being toed by the Akali leadership and said that those who advocated nonviolence among Akalis were, in fact, overlooking Sikh history.

Addressing the concluding session of the day-long convention of the Amritsar unit of the All-India Sikh Students' Federation, he said Sikh history was

replete with references that whenever a crime was perpetrated on any Sikh guru, revenge was taken in equal term by his successor.

The militant Sikh leader also refuted the charge levelled by his detractors that he was a Congress (I) agent. "If I am a Congress (I) agent then why are arms licences of my supporters being confiscated by the Government and why are my supporters being rounded up," he asked. He said that in fact a section of the Akali Dal was "in league with the Congress" and was trying to "sabotage the Akali morcha for their personal political benefits."

He said he wanted to make it clear that nothing short of acceptance of all the demands as contained in the Anandpur Sahib resolution would satisfy the Sikhs. He also appealed to the youth to make the morcha a complete success as its failure would not only affect individuals like him and Sant Longowal, but would also "destroy the future of the entire community."

Meanwhile, the Punjab Government, Mr B.D. Pande, is flying to Delhi tomorrow to discuss with the Central leaders the steps proposed by the Punjab Administration to deal with the "Punjab bandh" on February 8, the call for which had been given by the Akali Dal chief under his new action programme.

The Governor, who will be accompanied by his adviser, Mr G. Ghaval, is likely to meet the Prime Minister and the Home Minister, Mr P.C. Sethi, before returning home on February 4.

Meanwhile, the Punjab Governor in Council has decided to reward the villages whose inhabitants showed courage and enterprise in apprehending extremists involved in terrorist activity near their villages. The reward will be in the form of taking up, in these villages, work of urgent common needs.

Representatives of four Opposition parties which met in Jullundur yesterday appealed to the Akali Dal leadership to keep the proposed bandh peaceful.

They also appealed to the State Government to handle the situation tactfully. Representatives of the Congress (S), Janata, the CPI and CPI(M) attended the meeting.

The Akali Dal chief claimed in Amritsar that party workers had been instructed to maintain peace and communal harmony during the bandh. He said his party also proposed to seek the cooperation of heads of various social religious and political parties to make the bandh a success.

The four Opposition parties resolved to endorse the decision of the Opposition conclave held at Calcutta on January 14 for launching a nationwide programme from February 13. The meeting decided to take out joint processions hold joint meetings and rallies at tehsil headquarters on that day and submit memorandums to the authorities. It was also decided to hold a joint State-level convention in Jullundur on February 29. The Yaryana Chief Minister, Mr Bhajan Lal, today denied repo Mr Bhajan Lal, today denied re- Gandhi [as published] "blessed" to give Chandigarh to Punjab and divide the areas of Fazilka and Abohar between Punjab and Haryana to end the stalemate on territorial issues.

He reiterated that "there is no shift in Haryana's stand that if Chandigarh was to go to Punjab, the towns of Fazilka and Abohar along with 109 villages and three villages of the Union Territory must come to Haryana simultaneously."

He told reporters that as an alternative, Chandigarh should be divided on a 50-50 basis and a commission appointed to determine the linguistic status of the leftover Hindi-speaking areas in Punjab.

UNI adds: A Nirankari leader, Jaswant Singh, who was injured late last evening in a shooting incident at Breta in Bhatinda district, died today, according to official reports received in Chandigarh.

The reports said he died when he was being taken from Breta to Bhatinda this morning.

He was seriously injured when two assailants shot him while he was attending to customers at his shop.

#### Denial Reported

New Delhi PATRIOT in English 3 Feb 84 p 1

[Text] Akali Dal chief Harchand Singh Longowal today denied that he had admitted having fundamental differences with militant Sikh leader Jarnail Singh Bhindranwale, report agencies.

Describing a news agency's report as "concocted and baseless" Mr Longowal said he had not talked to any newsmen about it yesterday.

Talking to newsmen in Amritsar, Mr Longowal said it was wrongly attributed to him that Mr Bhindranwale had suggested purchasing motorcycles and arms for killing members of a particular community.

He said Sant Bhindranwale in his letter of 25 January had refused to offer fresh suggestions on intensifying the party morcha but instead had urged him to get the earlier proposals made by him implemented.

The letter of Sant Bhindranwale, he said, left nothing in doubt for him and added that the line toed by him so far was the Akali Dal line.

Mr Longowal clarified that the Sikh religion was not completely against the use of force and violence. The Sikh religious tenets did permit the use of violent means but only when all the peaceful means had been exhausted for the achievement of a goal, based on the truthfulness.

Meanwhile, Mr Bhindranwale also denied having suggested to Mr Longowal that motorcycles and arms should be purchased for intensifying the agitation.

Mr Bhindranwale also described yesterday's report as "motivated and baseless."

Communists, Others on Stand

New Delhi PATRIOT in English 3 Feb 84 p 7

[Text] Communist Party of India general Secretary C. Rajeswara Rao on Thursday urged Akali Dal Chief Harchand Singh Longowal to desist from burning the Article 25 of the Constitution before the Parliament as it would 'only lead to alienate the sympathies of the country's democratic movement.'

In a statement, he asked the Akali leadership, specially Shiromani Gurdwara Prabandhak Committee President G.S. Tohra, to take 'immediate steps to stop militant Sikh leader Jarnail Singh Bhindranwale from using the Golden Temple premises for 'his dangerous and anti-national activities.'

The CPI leader sharply attacked the Centre on the Punjab issue. He accused Mrs Indira Gandhi of adopting a policy of drift on the issue and said it was weakening the hands of the Akali leadership which, he added, wanted a settlement of the problem and to 'isolate the extremists.'

He urged the Prime Minister to convene a tripartite meeting to find an immediate and amicable solution of the Punjab problem.

The imposition of the President's rule and declaration of Punjab and Chandigarh as disturbed areas had failed to check the activities of the extremists and separatists the CPI leader added.

The United Front of Opposition parties has also welcomed Sant Longowal's declaration that the Akali Dal would give no quarter to those "preaching hatred, communal violence and secession and accused the Congress-I party and some Central security agencies of "colluding" with "antinational" elements like Sant Bhindranwale in Punjab and Mr Tariq Abdullah in Jammu and Kashmir.

Addressing a press conference on behalf of the United Front Congress-S general secretary K. P. Unnikrishnan said the Congress-I provided an umbrella for all "antinational" and "antisocial" elements to gain temporary political advantage.

Mr Unnikrishnan said the Front parties had always held that it was not the Akali Dal which was behind the killings in Punjab, but "elements like Sant Bhindranwale and others who are fast proving and acting themselves as agent provocateurs."

"With Mr Tariq Abdullah emerging from nowhere after a pronounced pro-Pakistan background, it is very clear which are the elements that are in collusion with the Congress-I in Jammu and Kashmir," Mr Unnikrishnan said.

Mr Unnikrishnan said: "People have to be reminded that Mr Tariq Abdullah is the same person who was a member of the official Pakistani delegation to the United Nations and he had appeared in many international forums as a spokesman of Pakistan. General secretary of the Bharatiya Janata Party (BJP) L.K. Advani said he was glad that Mr Longowal had delinked from Mr Bhindranwale's cult of violence but expressed surprise at his halting statement about violence against Akalis.

CENTER ANNOUNCES GUIDELINES TO DETECT ASSAM ALIENS

New Delhi PATRIOT in English 3 Feb 84 p 1

[Text] The Centre has announced a three-tier process to detect and deport illegal migrants from Assam who came to the state after 15 March 1971.

The rules notified on Thursday under the Illegal Migrants (Determination of Tribunals) Act, 1983 passed by Parliament in December last, envisage two channels of investigation of cases of illegal emigrants pointed out to the authorities. Appellate tribunals and advisory committees are also being set up to ensure that no one is harassed and the process of detection is seen to be fair.

Under the system, the detection is to be done by tribunals to be set up in each Assembly constituency. So far 30 such tribunals have been set up. These will investigate complaints made to it.

As a second channel, to help in cases where people may be afraid to complain for various reasons to the tribunals, the superintendent of police has also been designated a competent authority. He will direct an officer not below the rank of a subinspector to investigate.

Though the police have been given powers to investigate, it has been made clear that the police can themselves take no action. They will have to send their report to the screening committees, which will be set up at every sub-divisional level and will have the subdivisional magistrate and DSP as members. The screening committee will see the information and make its recommendations to the district police chief if the person is an illegal immigrant or not.

The screening committee's recommendations together with additional information will be reviewed by the tribunals for the formal decision on the status of the person. The tribunals orders will be carried out by the district police chief who will give the formal notice to the person found to be illegal entrant.

The rules provide for the use of public documents and other sources of information that can be adduced to determine residence and period of stay. If documents are lost or destroyed, other evidence can be produced. A court fee of Rs 25 has been specified to move the tribunals, or to go in appeal.

### Appellate Tribunals

To give an opportunity to the person against whom the charge of illegal entry is made appellate tribunals are being set up. They will review the decisions of the tribunals and can be approached by anyone who feels he has been wrongly identified to be an illegal settler.

The bill under which the rules are framed had been widely welcomed as a major step to settle the Assam tangle which had been agitating the people for four years. The AASU and AAGSP are, however, still to accept the new law, as they maintain that it will not check the problem of large-scale illegal emigration. They also do not accept the March 1971 date as the cut-off point.

The Centre is however making provisions to ensure that the Bill and its rules have widespread acceptance. The State Government is being asked to constitute advisory committees at the district level with the deputy commissioner as chairman and with all MPs and MLAs and other Government nominees not exceeding six for taking a general review of the detection of foreigners and the measures to check infiltration.

The position regarding Nepalese nationals has also been clarified. The Nepali nationals who are in possession of restricted area permits will not come within the definition of illegal migrants. They are protected. However, those who are exempted from the permit under the August 1976 notification and are staying in India under lawful authority, are also protected.

Immediately after a person is determined to be an illegal migrant by a tribunal, the SP will serve an order of expulsion telling the man he must leave India within 30 days. If in the meantime the man has appealed to the authorities and the appeal has been admitted, the expulsion orders will be stayed.

CSO: 4600/1541

FOOD CORPORATION OFFICIALS DESCRIBE SITUATION

Calcutta THE STATESMAN in English 1 Feb 84 pp 1, 7

[Text] New Delhi, Jan. 31--The central food stocks will reach the level of 21 million tons by the middle of this year, the Chairman of the Food Corporation of India, Mr S.S. Sisodia, claimed here today. The central pool would also help restore the buffer 12 million tons, he said.

Referring to the present level of the foodstocks, Mr Sisodia said that it was 15.34 million tons which was three million tons more than in the corresponding period last year. He claimed that the FCI had established records in procurement, distribution and movement of foodgrain in 1963.

The FCI supplied a record 14.8 million tons of foodgrain from the central pool to the public distribution system. The total transport of foodgrain stood at 15.47 million tons against the last year's 14.9 million tons.

The FCI Chairman said that the total turnover of the corporation during 1983-84 was expected to be Rs 8,110 crores against Rs 6,935 crores in the previous year--an increase of 17%. Even though the Corporation is not supposed to be a profit-making agency because of its role, the FCI had made a modest profit of Rs 5.30 crores in 1982-83 against only Rs 1.91 crores in 1981-82.

In reply to a question on losses, the Chairman said that the Corporation had initiated a series of measures to check the transit and storage losses of foodgrain which stood at 2% to 2.2%. The losses were not large compared to the magnitude of the operations of the Corporation.

Mr Sisodia was at pains to explain that the losses were "consequential" and could not be avoided. Mr Ajit Singh, managing director of the FCI, gave details of "positive" measures taken to minimize losses. In fact, he said, the present losses of 2% to 2.2% tended to be exaggerated once they were converted into rupees. The main losses occurred on account of paddy purchases. This year the paddy purchases were much less compared to last year, he said.

To minimize the losses, all procured paddy was being milled early and so far 200,000 tons of paddy procured during this season had been milled, against only 20,000 tons in the corresponding period last year.

Mr Ajit Singh said that the quality of gunnies was also being improved. Since losses were more when foodgrain was transported in open wagons, the Railways were being requested to eliminate open wagon transport of foodgrain. In 1983, only 6% of the foodgrain was transported in open wagons against 15% in the previous year. Other steps taken to reduce losses included introduction of mechanized handling wherever possible machine stitching of gunnies and reducing the size of gunny bags.

#### Distress

Mr Sisodia claimed that the FCI had been effective in stopping cases of distress sale by farmers whether in rice, wheat or even baira. In the case of baira, the Corporation had entered the market recently in Gujarat, Haryana, Madhya Pradesh and Rajasthan following reports of distress sale by farmers below Rs 124 a quintal. But, because of its entry, baira was now selling at about Rs 154 a quintal in the four States, even though the FCI had purchases just 630 quintals of baira.

The FCI Chairman further claimed that in supplying foodgrain to States as allotted by the Centre, the Corporation fulfilled its role. There was no specific complaint from any States either. In fact, "only in the case of Mizoram there was a delay of 15 days" he said. The State Food Ministers had, at a conference here, appreciated the FCI performance in this connexion. West Bengal had sufficient stocks for two months while in Tripura's case the FCI had met its target "100%." The Corporation was building storage capacity for the North-east region so that it could have foodstocks for three to four months. The owned storage capacity of the Corporation stood at 8.54 million tons. It was proposed to be increased to 11.5 million tons by the end of 1985.

Mr Sisodia said that in the current marketing season 5.6 million tons of rice had so far been procured. The total procurement in 1983-84 was expected to reach about 16 million tons, which would be a new record. Also, for the first time, the Corporation dispatched a part of the rice supplies to Assam and Mizoram by barges from Calcutta and Haldia ports to Karimganj and Pandu in Assam through Bangladesh.

Till the end of last month, about 6,650 tons of rice was sent by inland water transport. That was necessitated because of constraints of rail movement over Lumding-Badarpur section of North East Frontier Railway.

CSO: 4600/1539

DETAILS OF INDO-SOVIET PACT ON STEEL, CRUDE OIL

New Delhi PATRIOT in English 1 Feb 84 p 1

[Text] The Soviet Union has agreed to buy 1.5 lakh tonnes of steel from India, and to sell over 6 million tonnes of crude to the country this year.

The high level Ministerial team from the Soviet Union, now in India, has also offered assistance in building new steel plants as well as in expanding the existing steel capacity. It also offered Soviet technology and aid for oil exploration, power plants and in India's search for minerals and metals.

The delegation, led by deputy Prime Minister, V.E. Dimshitz had a round of talks with Prime Minister Indira Gandhi and her Cabinet colleagues, in charge of the economic ministries. Both in the talks with Mrs Gandhi and the Central Ministers, the Soviet team emphasised that they were keen to cooperate with India to its developmental efforts.

They praised the role that India and Mrs Gandhi had played for the cause of world peace. India, as the leader of the nonaligned, has an important role in world affairs, a role that the Soviet Union appreciated, they added.

Mr Salve, referring to the Soviet offer of assistance in expanding the steel capacity, said India was presently busy in modernising and expanding the existing steel plants. It also proposed to set up new plants and for them it was looking for technologies that were cost effective.

In the contract signed on oil India agreed to import over six million tonnes of crude oil and petroleum products from the USSR this year. These imports, comprising 3.5 million tonnes of crude oil and 2.57 million tonnes of kerosene and high-speed diesel oil, are on a rupee payment basis and valued at about Rs 1,450 crores.

Mr D.A. Isakov, vice-general director of Sojuznefteexport, the Soviet foreign trade organisation and Mr A.J.A. Tauro, chairman of Indian Oil Corporation (IOC) signed the contract.

Last year, India had imported 5.82 million tonnes of crude oil and petroleum products from the USSR. The USSR is a major and important supplier of crude and petroleum products to India. Out of India's total imports, about 25 per

cent of crude oil and 50 per cent of petroleum products are received from the USSR. During 1981-83, the USSR made increasing deliveries of crude oil in response to India's request.

The current agreement for oil supplies signifies 25 years of close business ties between Sojuznefteexport and the IOC.

Mr V.P. Ryabov, chairman of the USSR State Committee for Forging Economic Relations called on Energy Minister P. Shiv Shanker, the Soviet delegation promised all possible assistance for collaboration projects in exploratory drilling in West Bengal basin and provide spare parts for drilling operations elsewhere in the country.

CSO: 4600/1540

INDIA

BRIEFS

POPULATION GROWTH RATE--New Delhi, January 28--The rate of growth of population in India has declined from 2.2 percent in 1970 to under two-percent in 1983, according to a review by the ministry of health and family welfare. The review says the different methods of family planning maintained the momentum noticeable since 1980. During the period April to December 1983, there was an increase of 9.6 percent in sterilisations, 56.3 percent in IUD insertions, 10.9 percent in conventional contraceptive users and 78.5 percent in oral pill users, as compared to the corresponding period of 1982. The increase of 2.2 percent in couple protection level--from 23.7 percent in April 1982 to 25.9 percent in April 1983--indicates that the goal of 60 percent couple protection set for the year 2000 will be achieved much ahead of time, the review claims. Out of 328 districts for which reports are available, 114 districts have already achieved couple protection level of more than 30 percent. Eight districts have crossed the 50 percent mark. The review says that for the first time in 40 years the rate of growth of population has stabilised at constant levels. Fifteen states with 47 percent of population has stabilised at constant declining trend in population growth in the 1971-1981 period. [Text] [Bombay THE TIMES OF INDIA in English 29 Jan 84 p 5]

EXPORTS TO EEC--New Delhi, January 27--Indian exports to the European Economic Community are likely to benefit substantially from two decisions which came into force from January 1. One is the abolition of all quotas on jute products and the other is the free trade agreement between the EEC and EFTA (the latter includes European countries like Switzerland, Sweden and Norway). Mr Manfredo Maciotti, head of the EEC delegation for South Asia, told newsmen today that the agreement with EFTA would make the whole of Western Europe accessible to Indian products. Both in trade and joint ventures the potential was immense. In fact, Mr Maciotti said, India was utilising only 50 percent of the offer under the generalised scheme of preferences (GSP). India was losing money by exporting to Europe outside the GSP, he added. Mr Maciotti listed three main problems relating to quality of goods, competitive prices and delivery schedules. In the industrial field, eight collaboration agreements worth \$45 million had been signed recently. Another 23 joint ventures worth \$80 million were in the pipeline. [Text] [Bombay THE TIMES OF INDIA in English 28 Jan 84 p 7]

PERUVIAN AMBASSADOR DIES--New Delhi, Jan. 27--The Ambassador of Peru to India, Mr Jorge Ramirez Del Rio, (49), died here this evening, reports PTI. Mr Rio had been in coma since January 24. While his daughter is in the capital, the other members of his family are expected to reach here tomorrow. The national flag will be flown at half mast here tomorrow on all Government buildings from 10:30 a.m. till sunset as a mark of respect to the envoy, according to an official spokesman. [Text] [Calcutta THE STATESMAN in English 28 Jan 84 p 9]

UTTAR PRADESH MINISTER'S DEATH--Lucknow, Jan 26--The U.P. Revenue Minister, Mr Baijnath Kureel, died here today following a heart attack. Mr Kureel (68) collapsed while witnessing the Republic Day parade and was rushed to the Balrampur hospital where he was declared dead. He was the president of the State Congress (I) Committee from 1972 to 1974. Earlier, he was a Union Deputy Minister. He was included in the Vishwanath Pratap Singh Ministry in 1980. He is survived by his wife, three sons and three daughters.--PTI, UNI. [Text] [Madras THE HINDU in English 27 Jan 84 p 9]

PAKISTANI INTRUSION--Jammu, Jan 28 (UNI)--Two Pakistani jet aircraft violated Indian air space in the Rajouri sector on 25 January according to a delayed official report received here today. Meanwhile, officers of the Indian security forces today held a flag meeting with their Pakistani counterparts in the Purgwal area. The Indian side protested against intrusion by armed Pakistanis who raided village Purgwal on 25 January. [Text] [New Delhi PATRIOT in English 29 Jan 84 p 1]

ENVOY TO SINGAPORE--Mr A.N. Gopalakrishna Pillai, India's High Commissioner to Singapore, presented his credentials to the Singapore President Devan Nair at an elegant and brief ceremony on 26 January, reports PTI. During his meeting with the Singapore President, Mr Pillai, who is a prominent leader of the Nair community in Kerala, held discussions on issues of mutual interest. The discussions were held in an atmosphere of warmth and cordiality. [Text] [New Delhi PATRIOT in English 29 Jan 84 p 5]

ALLOCATION TO ESCAP--India has allocated about Rs five lakh (53,502 US dollars) as financial assistance to the Economic and Social Commission for Asia and the Pacific (ESCAP) to carry out a regionwide study of current land policies aimed at improving the planning and development of urban and rural settlements, says a UN release. Mr A.B. Gokhale, Indian ambassador to Thailand, presented a cheque for \$4,046.69 dollars to ESCAP chief Sham S. Kibria as part of the contribution to get the project moving. The balance will be released later, depending on the progress of study. The proposed project to be undertaken by ESCAP will study successful cases of efficient land policies and also those where current efforts appear to have had little impact. [Text] [New Delhi PATRIOT in English 28 Jan 84 p 3]

INFLUX FROM BANGLADESH--Mr Bairaj Madhok, president, Akhil Bharatiya Jansangh, in a statement in Calcutta on Monday said that ominous developments were taking place in the border States of India. In the eastern States the continuing infiltration of Muslims from Bangladesh posed a major problem. There would be no peace in Punjab till the extremists were flushed out of religious places and dealt with firmly. The developments in Kashmir and Punjab were related. Anti-national and violent elements in both these States were getting support from Pakistan, Mr Madhok added that the National Hindu Front was trying to coordinate the activities of all Hindu organizations to meet the developing threat. [Text] [Calcutta THE STATESMAN in English 31 Jan 84 p 9]

REPATRIATED PRISONERS--Amritsar, Feb 2 (UNI)--Twenty-four Indian nationals died in Pakistani jails for want of medicines and elementary health care. Sukhram (45), a repatriate among the batch of 52 handed over to Indian authorities yesterday at the Wagah-Attari check post said today that the repatriates had brought the mortal remains of the dead along with them. The debriefing of the repatriates by intelligence authorities at the central jail here continued today. According to official reports seven repatriates, who came from Gujarat had already been released and debriefing of the remaining would continue tomorrow. Deshu Ram (65), another repatriate said apart from physical torture they had also been subjected to sodomy. Bharthu Manji (18), said physical torture had rendered him invalid. Twenty-two repatriates are insane and two are invalid. The repatriates hail from Bihar, Uttar Pradesh, Gujarat and Jammu and Kashmir. [Text] [New Delhi PATRIOT in English 3 Feb 84 p 1]

NAKASONE VISIT PLANS--Tokyo, February 5 (AFP)--Japanese Prime Minister, Yusuhiro Nakasone will visit India and Pakistan in early May, and Australia and New Zealand later in the year, most likely in August JIJI press reported today. The Prime Minister hoped to visit these four countries in May, but the tight schedule of the current Diet sessions ending towards the end of May, will not allow him to leave the country for a long period. It will be the first visit by a Japanese Prime Minister to India and Pakistan in 23 years. In 1961, the then Prime Minister Hayato Ikeda visited the two countries. [Text] [Bombay THE TIMES OF INDIA in English 6 Feb 84 p 9]

CPI-M LEADER'S SUICIDE--New Delhi, January 29--Mr Desraj Chadha, veteran CPM leader, and a member of the party's central committee, allegedly committed suicide by hanging himself from the ceiling of his Ashoka Road residence, here this morning. He was 72. He did not leave behind any suicide note. According to the police, the body was discovered in his bedroom, it has been sent for a post-mortem. Preliminary investigations by the police have revealed that Mr Chadha had been a patient of asthma and that he had been complaining about exhaustion for the last few days. Meanwhile, the politburo of the CPM, while condoling his death, recorded with great appreciation the nearly five decades of his "selfless work and sacrifice." A party message said: "His was a dedicated life of a communist. We dip our red banner in homage and extend our deepest condolences to his bereaved relatives." Mr Chadha joined the Communist Party in 1938 after remaining active in the student movement in Punjab. He was elected to the Punjab provincial committee in 1948 and to the secretariat of the state committee in 1951. [Text] [Bombay THE TIMES OF INDIA in English 30 Jan 84 p 13]

IMPORTS FROM RUSSIA--New Delhi, Feb 1--The Minerals and Metals Trading Corporation of India today signed a major contract, worth about Rs 40 crores for the import of fertilizers and sulphur from the Soviet Union during the current calendar year, reports UNI. The Indo-Soviet annual trade plan provides for supply of five lakh tonnes of urea by the Soviet Union. Mr P.N. Bhargava, Senior General Manager of MMTC signed the contract with Mr Oleg A. Klimov, Director of Sojuzpromexport of Moscow for the import of three lakh tonnes of urea during this year. A protocol for import of an additional two lakh tonnes of urea was signed by Mr S.K. Agarwal, Executive Director of MMTC with Mr Klimov. Another contract for import of 35,000 tonnes of sulphur was signed by Mr S. Swaminathan, General Manager, MMTC, with the Director of the Soviet firm. [Text] [Calcutta THE STATESMAN in English 2 Feb 84 p 15]

ASSAM-NAGALAND BORDER ACCORD--Gauhati, Feb 1--The Assam and Nagaland Governments have reached an agreement to settle the long standing border dispute between the two States, reports UNI. The Chief Minister, Mr Hiteswar Saikia, and his Nagaland counterpart, Mr S.C. Jamir, at a meeting held at Sibsagar in upper Assam yesterday, decided to complete the demarcation in Sibsagar district in the next two months. The Arunachal Pradesh Chief Minister, Mr Gegong Apang, participated in the meeting. They decided that the outstanding issues relating to the problem should be first identified at high-level official meetings. [Text] [Calcutta THE STATESMAN in English 2 Feb 84 p 13]

RAJASTHAN TUNGSTEN DEPOSITS--Calcutta, Jan 29--Rajasthan has emerged as the largest strategic and rare minerals-producing State following the discovery of a considerable quantity of tungsten in Balda area of Sirohi district recently. The Geological Survey of India (GSI) has located an additional 50,000 tonnes of tungsten ore. PTI. [Text] [Madras THE HINDU in English 30 Jan 84 p 16]

AFGHANISTAN BANKING TIES--New Delhi, Jan 2--A comprehensive review of banking relations between India and Afghanistan was made between a visiting Afghan delegation, led by Mr Khalil Siddiq, Deputy Governor of the Afghanistan Bank, and the Indian delegation, led by Mr A. Ghosh, Deputy Governor, Reserve Bank of India. The Afghan team's visit is the outcome of the decisions taken at the sixth meeting of the Indo-Afghan Joint Commission for economic, trade and technical cooperation held in Kabul in May 1982. The delegations decided to establish direct correspondent banking relations between the banks of the two countries, to facilitate opening of Afghan Bank's accounts in Indian banks and discussed the possibilities of opening branches of their banks in each other's countries. The Indian side also offered training facilities and expert services to Afghanistan. Finalisation of the arrangements agreed upon between the delegations is expected to be made during the visit of the Indian Trade delegation to Kabul shortly. [Text] [Madras THE HINDU in English 30 Jan 84 p 11]

DUTCH AID OFFER--New Delhi, February 1--A Dutch study report on making the Ganga navigable is under the government's consideration. The Dutch minister for foreign trade, Mr F. Bolkestein, told a news conference today that the report was submitted to the government of India in December. "It is a major project," he said, "and involves vast sums of money." The Netherlands has also offered to help India in deepening Madras harbour. The project will be

financed through soft loans. Mr Bolkestein said that his country was prepared to assist India in using LPG (liquefied petroleum gas) for running buses. A Dutch company had vast experience in this field, he said. The Dutch could also help India in utilising wind energy. A proposal for a windmill park in Gujarat was under study. Mr Bolkestein called on the Prime Minister, Mrs Indira Gandhi, and had discussions with half a dozen Union ministers. PTI adds: The Dutch team said that an offer had already been made for consultancy back-up to Engineers India, Ltd. for the construction of the Hazira gas pipeline. [Text] [Bombay THE TIMES OF INDIA in English 2 Feb 84 p 5]

INDIAN BOOKS IN USSR--Moscow, Feb. 7--Soviet publishers will bring out 30 books and collected works by Indian authors in different languages of the USSR in 1984, reports PTI. Mr Alexander Kabanov, deputy chief of the Board for Export and Import of Copyrights for Literature, and Fine Arts, has said that the Indian books to be published in 1984 were mainly fiction. They include The Grown and the Lin Cloth by Chaman Nahal and collected works by modern Bengali writers. Also to be published is a book titled The Modern Indian Story, containing best works by authors in Hindi, Bengali, Marathi, Tamil and other Indian languages. Mr Kabanov, who is now leading a delegation of the Soviet copyright agency to the World book fair in New Delhi, said that so far agreement had been signed with Indian publishers for the issue of 650 books. The interest of the Soviet readers in Indian books on various subjects were growing year by year, Mr Kabanov said. Among the most popular writings, he stated, were the collected works of Rabindra Nath Tagore, My Life by Mahatma Gandhi, The Discovery of India. Glimpses of World History and Autobiography by Jawaharlal Nehru, besides India's foreign policy by Mrs Gandhi. [Text] [Calcutta THE STATESMAN in English 8 Feb 84 p 5]

COOPERATION WITH SRI LANKA--New Delhi, Feb 7--India and Sri Lanka have agreed to institutionalize their relationship on matters relating to tea so as to ensure improved followup action. Although bilateral exchanges between Indian and Sri Lankan Planters and research associations have been taking place, this is the first time that the two Government's have institutionalized this relationship. From next July, the two countries will meet every year for discussions on research and development, the price situation and to coordinate their policies for this commodity. This was agreed when Mr V.C. Pande, Additional Secretary, in the Ministry of Commerce, went as head of a three-member delegation to Sri Lanka last week. The leader of the Sri Lankan delegation was the Secretary of the Ministry of Trade and Shipping. [Excerpt] [Calcutta THE STATESMAN in English 9 Feb 84 p 13]

SYRIAN TAX AGREEMENT--An agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income between India and Syria was signed in New Delhi on Tuesday by Union Finance Minister Pranab Mukerjee and Syrian Finance Minister Dr Hamdi al-Saa, reports PTI. [Text] [New Delhi PATRIOT in English 7 Feb 84 p 7]

INTUC, SOVIET APPEAL--The Indian National Trade Union Congress-I and the All Union Central Council of Trade Unions of the Soviet Union, have jointly demanded liquidation of all foreign military bases in the Asian region and turning the Indian Ocean into a Zone of Peace. In a joint statement in New Delhi on Thursday, INTUC-I president N.K.Bhatt and AUCCTU Secretary V.F. Bogatikov, voiced their alarm at the grave threat caused to peace and world security by the present arms race and the move to unleash a limited nuclear war in Europe that could, they feared, lead ultimately to a global war. The Indian and Soviet trade union leaders condemned all types of military intervention and other forms of aggressive actions in countries like Grenada, Central America, West Asia and elsewhere. They also condemned the South African regime for continuing to pursue racist policies despite strong international pressure and for its undeclared war on neighbouring Angola. It also called for independence of Namibia. Despite different systems and traditions of India and the Soviet Union, there were many issues on which both the organisations had common views. The organisations have resolved to strengthen friendship by regular exchange of delegations, information material and publications, they said. [Text] [New Delhi PATRIOT in English 3 Feb 84 p 5]

INDO-SOVIET CULTURAL ACCORD--The Friends of Soviet Union and two more USSR societies on Tuesday signed a protocol for exchange of delegations in 1984 and 1985. Minister for Construction of Heavy Industrial Enterprises and member of the central committee of the CPSU N.V. Goldin signed on behalf of the two Soviet societies FSU general secretary K.R. Ganesh signed on behalf of his organisation. The two Soviet societies are Society for Friendship and Cultural Relations with Foreign Countries and Soviet India Friendship Society. [Text] [New Delhi PATRIOT in English 1 Feb 84 p 10]

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